



## **Student Business Services**

### **Cash Handling Guide**

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### **Purpose**

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This guideline identifies responsibilities and directives to collect money for the University.

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### **Authorizing Bank Accounts**

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All University funds are required to be deposited through authorized University bank accounts facilitated by the Student Business Services. University departments should never open an account with a bank, credit union or any financial institution without written authorization from the Vice President of Business and Finance.

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### **Sharing Responsibility for Cash Handling**

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The collection and control of cash at Delta State University is very important. Ideally, from a control perspective, the collection and control of cash should be centralized in one location (Student Business Services); however, this is not always possible or practical. As a result, under certain situations, the collection of money is in part decentralized, **but only with prior approval from Student Business Services.**

Departments authorized by the Student Business Services to handle cash must maintain proper controls and recognize the shared responsibility associated with the collection of state money. The mishandling of money, either intentional or not, results in critical reviews of cash handling operations and parties involved. The outcome may mean the removal of cash collections at the department level. Departments handling cash must be familiar with all cash handling guidelines and forms, plus attend required training to fully understand the responsibilities.

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### **Requesting Authorization from SBS to Collect Money**

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Many details must be considered before requesting and authorizing a cash handling site. After evaluating a request, it may be concluded that Student Business Services should collect the cash. Student Business Services is already set up to handle cash. Departments requesting a cash handling site must recognize that the cost in both labor and facilities may be prohibitive for such action. Student Business Services will provide the department or

activity **not authorized** to handle cash with adequate information to still achieve its mission.

The Director of Student Business Services's written approval must be received **before** the collection of cash. The process includes:

1. Submission of the Cash Handling form (many of the items required on the form are discussed in the cash handling guidelines);
2. Notification of approval or disapproval from the Director of Student Business Services;
3. Completion of required training.

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### **Complying with Regulatory Entities**

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Many of the processes required by Student Business Services are due to compliant issues from IHL, State, Federal and other regulatory entities. Areas receiving money from state or federal grants are generally subject to more restrictions. Anyone considering handling cash for the University should be familiar with state of Mississippi regulations and any other relative regulations.

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### **Implementing Standard Cash Controls**

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The handling of cash funds requires that certain basic procedures be followed precisely. Procedures for the handling of cash receipts are designed to provide accountability for funds received in accordance with accepted standards of internal control. Implementation of the following controls is essential to any cash handling unit.

**Individual responsibility and accountability should always exist in handling University cash.** Specific person(s) should be delegated the authority to receive cash. There must be a continuous audit trail until the funds are officially deposited.

**All cash transactions must be established through proper documentation.** All cash should be immediately recorded upon receipt. The recordings must be made using one of the following University-approved methods: cash receipting system, cash register, pre-numbered receipt forms/tickets, or on a hand written/typed log. The method of recording funds must be approved by Student Business Services. Checks must be made payable to Delta State University and should be restrictively endorsed immediately upon receipt. All transfers of cash must be documented so that accountability is maintained.

**Cash funds must be properly balanced and reconciled.** Cash handling units must provide written examples of their cash balancing procedures. Each cashier should balance their business at the end of their shift. Cash management system reports will dictate the frequency and method of balancing collections with deposits. Proper separation of duties must be documented.

**Cash handlers must operate in a secure environment at all times.** Access to cash should be restricted at all times to the person accountable for the funds. The degree of security provided by the storage facility should be commensurate with the amounts being stored.

**Cash funds must be deposited in a timely manner.** Deposits should be made daily, or as directed by the Director of Student Business Services, to maximize cash flow and safeguard assets. Collections should be deposited intact (no expenditures should ever be made from a collection).

**Management must monitor cash operations.** Management should perform monthly unannounced cash counts and perform periodic reviews of the internal controls in place to determine that the controls are:

- sufficient to safeguard cash collected,
- understood by staff, and
- carefully followed by all staff.

Departments are subject to periodic verification of cash receipts and proper controls by Student Business Services and Audit Staff.

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## **Developing Departmental Guidelines**

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Departments that handle cash must write their own detailed guidelines using the major functions for receipting cash. The amount and type of cash handled should be indicative of the details needed in the department's guidelines. The Director of Student Business must have access to these guidelines.

### **Cash Receipting Major Functions**

- Recording Transactions
- Balancing Transactions
- Depositing Transactions
- Transporting Cash for Deposit
- Reconciling Cash Receipts
- Monitoring Cash Handling Activities

At a minimum, the department's guidelines should address:

- Designing an adequate separation of duties in cash handling;
- Developing a method of accounting for cash as it is received;
- Providing adequate safeguards for storing cash;
- Establishing procedures for balancing and promptly depositing cash receipts;
- Describing method for transporting receipts;
- Reconciling validated deposit forms to the supporting documentation and to the general ledger (statement of account);
- Approving any voided receipts properly;
- Designing system to file and retrieve support documentation;
- Submitting fees for goods or services for approval;
- Informing Student Business Services of any changes in cash handling staff or operations;
- Complying with existing policies, procedures and guidelines.

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### **Securing and Storing Cash**

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It is the responsibility of each department to make whatever provisions are necessary to properly safeguard the cash receipts in their area. The department is responsible for safeguarding assets from the time of receipt to deposit. These are some standards to observe to minimize loss of funds.

- Cash and cash items should be physically protected through the use of vaults, locked cash drawers, cash registers, locked metal boxes, etc. The cash facility should be located in low traffic areas, locked when not in use or unattended, bolted to the floor when possible, and fire resistant.
- Funds held overnight should be minimized.
- Cash and cash items should not be retained in desk drawers. In addition to the risk of loss or theft, items may be forgotten and deposits not made in accordance with requirements.
- Access to cash should be restricted at all times to the person accountable for the funds. This person should be provided a locked, secure storage facility to which only he/she has access. This could be a lockable cash drawer, safe, compartment within a safe, or filing cabinet. The degree of security provided by the storage facility should be commensurate with the amounts being stored.
- Combinations or keys to safes and other cash storage facilities should be restricted to the custodian of the cash and a designated backup. Combinations or locks should be changed as necessary, and whenever a person with the combination or key is no longer responsible for cash handling.

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## **Identifying Sales and Unrelated Business Income Taxes**

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University departments or related entities should be aware that the sale of certain goods or services may be subject to State sales tax and/or Federal Unrelated Business Income Taxes (UBIT). Concerns or questions regarding tax issues should be addressed to University Accounting.

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## **Using Proper Accounts**

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The proper establishment of account numbers is imperative before receiving cash and questions should be addressed to University Accounting. Once the Cash Handling Request form has been approved by the Director of Student Business Services, University Accounting will establish or approve existing account numbers to be used. If refunds are permitted, this should be discussed to establish the proper reporting process for refunds.

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## **Approving University Fees/Charges**

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The University will assess and collect fees and charges as established or approved by the Institutions of Higher Learning Board or by the University. The fee approval process is conducted each year before budget submission and is facilitated by the Vice-President of Finance and Administration. Fees and charges must be approved prior to any collection of funds or advertising. Any questions regarding fees should be addressed to Student Business Services.

These guidelines should be followed when publishing authorized University fees or charges.

- All statements which include a University fee/charge amount should be complete and specific enough to prevent any misunderstanding by the readers.
- Whenever a University fee/charge is quoted or specified, the refund status should also be stated. If there are qualifying conditions for a fee refund, these conditions should also be stated.
- Where applicable, specific dates related to the payment of University fees and associated fee refunds should be stated.
- It should be specified that any payment of University fees should be Made Payable to Delta State University and an exact mailing address should be provided if payments by mail can reasonably be expected.

A copy or link to the notification should be sent to the Director of Student Business Services prior to publication.

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### **Billing For Fees or Services**

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The billing format should be approved by Student Business Services before departments or activities send notices to clients for authorized fees or charges. Many of the same requirements for publishing fees/charges should be considered when sending billings for one-time events. Invariably, some of these accounts turn into receivables, requiring additional handling by Student Business Services staff.

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### **Training**

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Student Business Services will provide annual training for areas approved to handle cash for the University. It is important that all the people involved in cash receipting attend the training and develop unique procedures for their operations. This is part of the privilege of handling cash for the University.



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### **Purpose**

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This guideline explains how cash accountability is maintained during any exchange or transfer of monies.

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### **Establishing and Maintaining Cash Accountability**

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Once a department or activity has been approved to handle cash for the University, procedures must be followed to ensure proper accountability and responsibility is understood and followed by all the cash handlers.

Access to the cash should be restricted and limited to as few employees as possible. All cash must be properly secured on the cash handling site and large amounts of cash should be deposited more frequently than the minimum required. A designated cash custodian may only transfer cash to another employee within the unit to transact approved University business. The department is required to maintain an audit trail of assigned and collected cash at all times.

All transfers of cash should be documented to maintain strict accountability. Documentation should include amount transferred, date, and signatures of persons involved in the exchange. In some situations, the purpose of the transfer of cash is required. The documentation should be kept in a location separate from the cash funds. Each party involved in the transaction should have a copy of the documentation. During an official cash count, documentation and cash must be available for verification.

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### **Exchanging Cash between SBS and Designated Cash Custodian**

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The initial cash exchange is between Student Business Services and designated cash custodian. Student Business Services's exchange will be by actual cash. The initial transfer of cash is referred to as a "change fund" for a cash collection unit or a "petty cash fund" for a department approved to make cash disbursements. The cash fund is designated for either a "change fund."

Cash distributed by Student Business Services to establish a change fund shall be counted concurrently by the two individuals involved in the transaction. A Cash Fund Custodian Acknowledgement form will be completed.

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## **Exchanging Cash between Designated Cash Custodian and Cash Handlers within the Cash Handling Unit**

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When an activity's cash custodian transfers money to another employee within the same department or activity, the exchange should be clearly documented on a Student Business Services approved Change Fund Transfer form. The two employees must agree as to the amount being distributed, document the amount on a form used to evidence the transfer, and sign their agreement. A copy should be maintained by each of the employees. The form should not be maintained with the cash. The process should be reversed when the employee returns the cash.

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## **Changing Designated Cash Custodian**

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Transfer of the fund by the designated cash custodian to a successor is not authorized. Upon transfer to a position not requiring the use of the assigned fund, or upon termination of duties with the University, the custodian and supervisor/manager are responsible for completing the Change Fund Transfer form to release the custodian from the accountability of the fund. Typically the transfer should be to the cash custodian's supervisor/manager. Management should complete the Change Fund Transfer of Custodial Responsibilities form when the status of funds has transferred to a new cash custodian. If a particular suspicious situation has occurred with a cash custodian, management will need to take over the cash fund and notify the Director of Student Business Services and Internal Auditor immediately. In all cases, a copy of the Change Fund Transfer form must be turned in to Student Business Services.

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## **Returning Change Fund to the SBS**

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If a change or petty cash fund is no longer needed:

1. Take the money to Student Business Services.
2. Deposit funds and obtain receipt from a cashier in Student Business Services.
3. Submit Change Fund Transfer Form.

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## **Related Forms**

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Cash Handling Form

Change Fund Custodian Acknowledgement Form

Change Fund Transfer Form



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### **Purpose**

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This guideline established processes, procedures and controls for the receiving, recording, balancing and depositing of cash collections.

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### **Receiving Payments**

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Customers of the University may use several forms of payment: cash, check, credit card, web payment services, or Okra Kard funds, but a cash handling site may be restricted to certain payment methods. Not all sites have the capability or need to process credit cards or Okra Kard funds. Student Business Services will identify the restrictions with the cash handling unit. The cashier must always be attentive to certain requirements during the processing of payments to reduce loss of funds.

### **Cash**

- Cash should be accepted **only** when the payer can be provided an official receipt at the time of payment. If a receipt cannot be provided, then the payer should be directed to Student Business Services for payment.
- Care must be taken when accepting cash. Once the customer has left the payment location the transaction is complete and there is no recourse if the payment is short.
- Cashiers should talk through the transaction with the customer.
- Time should be taken when counting cash and large amounts should be double counted. Whenever possible, two people should count large payments.
- Money should be counted back to the customer when change is given.
- Money received should be kept out of your cash drawer until the transaction is complete.
- Two transactions should not be made at once, i.e. change should not be made in the middle of taking a payment, even for the same customer.
- Cash should be immediately placed in a secured area as soon as the transaction is complete. At a minimum, a cash box should be used.
- Large bills should be inspected closely (\$50 and \$100) to ensure they are not counterfeit. (Counterfeit detections pens are also suggested as a tool.)

## Checks

- Checks must always be made out to **Delta State University**. Advertisements or promotions permitting payment by check must include **“Make check payable to Delta State University”**.
- The following questions should be asked when examining a check tendered for payment:
  - Has it been altered?
  - Is it signed?
  - Does it include the payer’s local contact information and account identification number?
  - Does preprinted name agree with the signature?
  - Does the numbered amount agree with the written amount?
  - Is the check post-dated? **DO NOT ACCEPT A POST-DATED CHECK!**
- The check should be restrictively endorsed as soon as it is received. This protects the check if lost or stolen. Proper endorsement should read:

**For Deposit Only  
Delta State University  
(Bank Account Number)**

Student Business Services will issue endorsement stamps upon approval as a cash receipting unit. The Federal Reserve regulates check endorsements. All depositors’ endorsements are limited to the top 1.5 inches on the backside of the check, at the trailing edge of the check. The endorsement area is directly behind where “Pay to the Order of” is printed. Any marks below the 1.5 inches on the check may obscure the bank routing number, cause delays in returning checks, and forfeit the University’s right to recovery.

- The cash handling site should be identified on the check as instructed by Student Business Services, including fund, organization and account for which funds should be deposited.
- No cash handling sites are authorized to cash checks for convenience from University funds.
- Payer must show some form of photo ID, preferably the DSU ID, but a State Issued ID is acceptable.
- Receipts must be given for in-person payments made by check.

## Payment by Check in Mail

Checks received through the mail should be receipted, photocopied or logged and restrictively endorsed at the earliest point in the collection process. These logs should

subsequently be reconciled with the cash management system reports. A standard Mail Log may be used or customized as needed.

### **Checks Returned to Issuer**

- There will be several situations where checks will be received by the University when the University does not require remittance. It may be administratively simpler for the University to hold and return the original check, rather than to deposit the check and subsequently process a refund. Examples occur in Continuing Education courses where the check for registration is received after the class has been filled.
- The Director or Vice President for Finance and Administration in these situations may approve the use of procedures outlined below, which will avoid the necessity of negotiating the check and issuing a University refund.
  1. In cases where this procedure is approved, a rubber stamp with the following wording should be secured.

**CANCELLED  
RETURN TO ISSUER  
PAYMENT NOT DUE TO  
DELTA STATE UNIVERSITY**

The face of the check should be clearly and distinctly stamped so as to prevent the check being negotiated.

2. All checks returned to the remitting party should be recorded in an Incoming Check Register. The register should include at least the following information: the date the check was received, the name of the remitting party, the check amount, an adequate explanation of why the check was returned and the date the check was returned.
3. In no case may cash be returned. Generally, travelers' checks/money orders should not be returned since the difficulty of obtaining a refund would be more complicated for the individual than for the University to deposit the travelers' checks and issue a refund to the issuer.
4. Usually, the department or activity canceling and returning the check to the issuer should include with the check a notation as to the reason the payment was not due and why it is being returned. In all cases, these checks must be returned to the issuer.

### **Credit Card Services**

Departments, upon approval by Student Business Services, may accept Discover, MasterCard, American Express, and VISA. The department/activity accepting credit cards will be charged the monthly credit card fees associated with their card transactions.

Departments processing credit cards using the web, mail, telephone, fax or walk-in must be aware of several issues distinct to this type of payment. Some of these issues include authentication, security, retention, and PCI/PA DSS compliance. Departments not complying in any of these areas will forfeit their right to process credit cards.

Student Business Services and all cash handling sites processing bank cards must comply with the Payment Card Industry/Payment Application Data Security Standards (PCI/PA-DSS). These standards include requirements for security management, policies, procedures, network architecture, software design, and other critical protective measures. University units processing credit card transactions have contractual obligations to fulfill the data security standards established by the payment card industry which include yearly questionnaires and quarterly vulnerability scans.

Because of the volume of credit card transactions and regulations imposed by external agencies, more detailed information is provided in the Credit Card Merchants Guide. Please note that the Payment Card Industry (PCI) Security Standards change periodically. Departments that are approved to accept credit cards will be required to complete annual PCI compliance training.

### **Okra Kard Funds**

- Okra Kard funds represent money deposited with Student Business Services by students and staff which can be used for payment of selected goods or services. Student Business Services must approve the acceptance of payments using Okra Kard.
- The official University ID card must be presented at the time of the transaction.
- The cashier should always verify the identification card photograph by comparing it to the individual requesting the Okra Kard funds payment option. If unsure about the verification of the individual to the ID card photograph, the cashier should request additional identification prior to completing the transaction.
- An individual reporting a lost or stolen DSU identification card with a Okra Kard account should have his/her Okra Kard invalidated immediately by contacting Student Business Services.
- Receipts must be given for all Okra Kard payments.

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### **Related Forms**

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DSU Check Log



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### **Purpose**

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This guideline is to ensure cash shortages and overages are properly documented. It is also to ensure consistency with the reporting of cash shortages and overages to Student Business Services to delineate the consequences of employee differences.

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### **General Information**

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A cash overage/shortage typically is realized during the balancing of cash receipts. Some cash shortages result from human error and are the cost associated with doing business. However, objective reviews must be completed to eliminate misconduct and provide assurance that controls are effective. If misconduct is suspected, Internal Audit must be contacted. *All cash shortages/overages will be recorded to the account code 75892 of the expenditure/revenue account of the department or activity responsible for receipting the money.*

All outages of \$5.00 or more must be documented on a "Cash Over/Short Report". A copy of the report must be sent to the Director of Student Business Services, the Vice-President of Finance and Administration, and Internal Audit.

Cashier drawers will be subject to unannounced cash counts at the discretion of the Director of Student Services. Cash counts will also be performed prior to scheduled absences, in addition to the monthly cash count.

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### **Reporting Shortages Equal to or Greater than \$100**

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Cash shortages equal to or greater than \$100 or more require immediate reporting. Therefore, when a cash shortage is discovered (equal to or greater than \$100) the Report of Cash Shortage/Overage form is completed and delivered to Student Business Services and Internal Audit within two hours of the knowledge of the shortage. A police services report must accompany this report.

If the shortage involves cash receipts, departments that utilize the deposit transmittal sheet should be included with the Cash Shortage form and transmitted to Student Business Services for processing.

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## **Reporting Shortages Less than \$100**

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When a cash shortage (less than \$100) is discovered, the cashier should have their supervisor review all transactions and count their funds prior to finalizing the deposit. If the shortage is not resolved, the cashier should prepare the Report of Cash Shortage/Overage form and also include the shortage on the applicable deposit transmittal sheet. If applicable, both forms should be submitted to Student Business Services during the normal depositing of funds.

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## **Reporting Overages**

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The cashier (cash custodian) must deposit overages when discovered. The cashier should have their supervisor review all transactions and verify their funds prior to submitting the deposit. The overage will be recorded on the deposit transmittal or through the cash receipting system and the Report of Cash Shortage/Overage form will be included in the deposit.

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## **Consequences of Employee Cash Differences**

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### Probationary Period

During the initial six (6) month probationary period, the employee may be subject to immediate dismissal for any reason, including but not limited to, any of the infractions listed below in accordance with all applicable University policies.

### Performance Improvement Process

Employees shall be subject a Performance Improvement Process (PIP) if the following should occur:

- Cash drawer has cumulative differences totaling two hundred and fifty dollars (\$250) over or short in any 12-month period ;
- An excessive number of cash outage incidents within a 60-day period that may not yield the \$250 over/short violation;
- Any other significant deviation from cash handling standards;
- During the PIP period, the employee could be subject to dismissal if the cash drawer is out of balance more than fifty dollars (\$50.00) over or short on one or more occurrences.



## Dismissal

Employees shall be subject to immediate dismissal in accordance with all applicable policies and procedures if the following should occur:

- An employee has a single unresolved outage of \$500.00 or more;
- An employee's cash drawer is out of balance more than fifty dollars (\$50.00) over or short on one or more occurrences during the time that that employee is in the PIP period;
- An employee engages in fraudulent activity;
- An employee engages in forced balancing.

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## **Related Forms**

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Report of Cash Shortage/Overage

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### **Purpose**

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This guideline describes how money is transported to Student Business Services for deposit.

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### **General Information**

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Deposits are generally made with Student Business Services in person and should be done with an officer from Police Services. Money should never be sent through campus mail. The cash handling site must maintain accountability of receipts for deposit by retaining a copy of the transmittal/cashier verification form, copy of deposit slip, and any other cashier supporting documentation. The cash handling site is responsible for the accountability of money being deposited until completion of the receipting transaction by Student Business Services and verification of deposit by the bank.

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### **In Person Deposit**

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The cash custodian must secure money during transport to Student Business Services. Transporting should not be routinely made at the same time every day and the receipts (deposit) should be camouflaged and not displayed to attract attention. The cash custodian must have the deposit forms properly completed. The cash custodian must make arrangements with Police Services when deposits are large amounts and/or on a frequent basis.

The Student Business Services cashier will validate and issue a receipt when the funds are carried in person to Student Business Services. Only a completed cash transmittal is required; a bank deposit slip is not. It is imperative that the deposit and Student Business Services receipt amount agree. Discrepancies must be resolved immediately.

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### **Night Depository**

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The night depository is located near the east entrance of Kent Wyatt Hall and may be used to deposit funds after [office hours](#). The Department of Police Services (x4155) must be notified to coordinate the use of the night depository. The money must be secured with the proper deposit forms attached. Student Business Services picks up the deposit the next business day morning, receipts the money and returns appropriate documents to the cash handling unit.



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**Purpose**

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**Definitions**

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**Reconciliation:**

This is a determination of the items necessary to bring the balances of two or more related accounts or statements into agreement.

**Separation of Duties:**

Duties are divided, or segregated, among different people to reduce the risk of error or inappropriate actions.

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**Procedures**

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The reconciliation of cash receipts will monitor performance and ensure directives are carried out. Management is responsible for an effective system that documents the reconciliation process. The cash handling site must consider proper separation of duties when designing its reconciliation process. The volume of receipts and complexity of operations will demand more documentation and greater oversight by management. Generally the reconciliation process is done in two steps – daily and monthly. A dated and signed record of the reconciliations should be prepared and retained. The signatures and dates should include all levels of management responsible for monitoring cash receipts. Student Business Services will assist with the design of forms that can be used for reconciling cash operations.

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**Daily Reconciliation**

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Cash and cash items collected should be counted daily using a daily cash count sheet as discussed in Balancing Receipts. Daily reconciliation is accomplished by comparison of the following:

1. The cash receipt records (cash register balancing records, pre-numbered receipts, university cash receipting system, etc.);
2. The completed Deposit Transmittal Form;
3. The deposit receipt(s) from Student Business Services;

All differences should be documented and reconciled immediately.

As a precaution, reconciliations along with receipt books, meter readings and tapes should be safeguarded separately from the actual cash.

The daily reconciliation should include a control tape of all cash receipt forms less all voided transactions. Voided transactions must be easily identified and approved by management. For departments using cash registers, credit card terminals, or other means to record money received, the register or machine tape must be compared to the total receipts.

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### **Monthly Reconciliation**

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The cash deposits listed in monthly general ledger reports should be reconciled to the department's daily records of cash receipts. Any differences should be investigated and explained.

Each month, after close of books, each area shall prepare a reconciliation of service/material provided against money collected. The reconciliation should be forwarded to management as designated in the authorization of a cash handling site for proper oversight.

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### **Reconciliation of Inventory**

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Those areas involved in sales activities should conduct a periodic physical inventory of merchandise to ensure that all sales generated from the sales of inventory were deposited. This is a necessary step in a good control environment to ensure no inventory shortages have occurred. This includes ticket sales. If sales inventory cannot be reconciled, identify the reason. Overage and shortages may exist due to theft or errors. If an overage or shortage is discovered, the amount must be reported to an appropriate level of management. Suspected theft, negligence, misappropriations, or carelessness must be reported to Internal Audit.

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### **Reconciliation of Conferences or Workshops**

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Those areas involved in conferences, workshops, etc. should design a reconciliation process that will use a list of attendees to verify the receipt and deposit of money. Different instruments may be used for control such as attendance logs or official pre-numbered

documents for awarding of grades or development credits. The reconciliation should be performed by someone independent of the receipting process.

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**Monitoring the Cash Receipts Process**

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1. Management should do a periodic review of the internal controls in place to determine that the controls are:
  - sufficient to safeguard cash collected;
  - understood by staff;
  - performed completely by staff.
2. A member of management should be designated to take responsibility for reviewing and approving the reconciliations in a timely manner, ensuring that reconciliations are complete, accurate and up-to-date.
3. The designated member of management should also review the nature, extent, and resolution of overages and shortages.
4. Management should periodically do an unannounced verification of prepared deposits, comparing the deposits with cash receipt records, as well as perform monthly unannounced cash counts.
5. Management should ensure that sales tax is collected and accounted for as required by University Accounting.
6. Cash custodians should be required to take periodic leave (vacations) allowing for the substitution of other staff to perform the required cash handling.

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**Purpose**

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This guideline provides policy and procedures for approved credit card merchants and requirements for credit-card data security. A credit card merchant is defined as a department or other entity which processes credit transactions.

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**Definitions**

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**Acquirer:**

The acquirer, also referred to as "acquiring bank" or "acquiring financial institution, processes credit card transactions on behalf of a merchant, and initiates and maintains relationships with merchants for the acceptance of payment cards. The Delta State University merchants use the card processor selected by the University.

**Credit Card:**

Delta State University merchants are approved to accept Visa, MasterCard, Discover and American Express.

**Credit Card Fees:**

The fees paid by Delta State University accepting a credit/debit card for payment. For Visa and Mastercard, the largest component of the discount fee is interchange, which is charged by the Visa or Mastercard Associations. Interchange rates are non-negotiable, as they are determined by the Associations and are based on qualification requirements of each transaction. The bank that issues a credit card to an individual receives the interchange fees.

**Merchant:**

A merchant is defined as any entity that accepts payment cards as payments of goods and services.

**Payment Card Industry Data Security Standard (PCI DSS):**

The PCI Data Security Standard represents a common set of industry tools and measurements to help ensure the safe handling of sensitive information. Initially created by aligning Visa's Account Information Security programs with MasterCard's Site Data

Protection program, the standard provides an actionable framework for developing a robust account data security process including preventing, detecting and reacting to security incidents.

**Payment Application Data Security Standard(PA-DSS):**

A set of requirements derived from and closely related to the PCI DSS, but intended to illustrate for payment software vendors what is required for their payment applications to facilitate and not prevent their customers' PCI DSS compliance.

**Point of Sale(POS) Device/Terminal:**

Hardware and /or software used to process payment card transactions at merchant locations.

**Primary Account Number(PAN):**

Unique payment card number (typically for credit or debit cards) that identifies the issuer and the particular card holder account.

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**Procedures**

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To accommodate customers wanting to pay by credit card, authorized receipting sites may accept Visa, MasterCard, Discover, and American Express payments. These guides are consistent with other cash handling guides, though some additional steps and compliance requirements are required. The following guidelines highlight the most critical issue in providing this service, to ensure that the trusted relationship between Delta State University and its customers is conducted in the most secure, confidential and reliable method possible. The University requires each unit be certified as a credit card processing site and the Director of Student Business Services must approve each method and internal procedures for processing credit card transactions. This certification will include, but is not limited to, the storage of charge card numbers, data collection, system security, physical security, disaster recovery, reporting, reconciliation and privacy.

The University is required to submit certification of Payment Card Industry (PCI) compliance annually to the University's acquirer. If the University was subject to a breach of primary account numbers (PAN) data, the University would be subject to minimum of \$100,000 and up to \$500,000 per incident imposed by each credit card company (VISA, MasterCard, Discover and American Express) and any other remediation expenses. Departments/activities may be responsible for a portion of these expenses if the breach was due to their negligence.

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## **General Requirements for Credit Card Merchants**

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Approved credit card units must meet and adhere to the following general requirements.

- Show that by accepting credit cards as a means of payment, the operation materially benefits the campus.
- Acquire approval of the Director of Student Business Services and University's Payment Card Industry (PCI) Committee before entering into any contracts or purchases of software and/or equipment. This requirement applies regardless of the transaction method or technology used (e.g. e-commerce, POS device) and system must be hosted by a vendor that is Payment Card Industry Data Security Standard (PCI DSS) and Payment Application Data Security Standard (PA-DSS) compliant.

**NOTE:** Units must first meet with the Director of Student Business Services to review if the current University's cashiering and online-hosted payment systems will meet their needs.

- Establish departmental procedures for safeguarding PAN data and secure storage of data. This pertains to ALL transactions initiated via the telephone, over the counter, mail order, Internet, etc. Internal procedures must be submitted to Student Business Services for approval prior to implementing the acceptance of credit cards. Units should have a crosscut shredder available to shred PAN data when needed.
- Purchase additional workstations, equipment etc., if required, in order for current operation to meet PCI compliance.
- Employ appropriate financial controls in processing and reconciling credit card transactions and include the controls in the internal procedures.
- Comply fully with pertinent University policies and with all of the terms and conditions outlined in the agreement with the University's credit card processor, bank and PCI DSS. Failure to comply with any policy or contractual term may result in the revocation of the authorization of a University department or activity to operate as a credit card merchant.
- Perform an annual security self-assessment and report results to the Director of Student Business Services to ensure compliance with University policy, guidelines and with PCI DSS.
- Ensure that staff attends credit card training annually as required by PCI compliance.

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## **General Responsibilities of Unit Processing Credit Card Transactions**

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All units authorized to accept credit card payments must exercise reasonable care in screening charge transactions to reduce credit card misuse and loss of funds.

- It is the unit's responsibility to ensure that the credit card receipt does not display the entire PAN data. Only the last four digits of the number should be printed.



- Staff should not have access to the full PAN data within the system software. Some hosted systems may have the option to view full card data or mask card data with only the last four digits.
- Units must process credit sales transactions using **approved** electronic data capture devices and/or web software as noted above.
- Units **cannot** accept credit card payments by email. If an email is received with the PAN data, the payment cannot be processed and the customer should be notified that the University cannot accept credit card payments via email. The email should be deleted as follows:
  - **Outlook 2007 and prior**
    1. Delete the email
    2. Right Click on the “Deleted Items” Folder
    3. Select “Empty Deleted Items” Folder – Select “Yes”
    4. Click on “Tools” on the menu bar
    5. Select “Recover Deleted Items”
    6. Select email to be removed
    7. Click on the “X” at the top left – Select “OK”
  - **Outlook 2010**
    1. Delete the email
    2. Right Click on the “Deleted Items” Folder
    3. Select “Empty Deleted Items” Folder – Select “Yes”
    4. Click on “Folder” tab
    5. Select “Recover Deleted Items” under the “Clean Up” section
    6. Select email to be removed
    7. Click on the “X” at the top left – Select “OK”
  - **Online email**
    1. Delete the email
    2. Right Click on the “Deleted Items” Folder
    3. Select “Empty Deleted Items” Folder – Select “Yes”
    4. Right Click on the “Deleted Items” Folder
    5. Select “Recover Deleted Items”
    6. Select email to be removed
    7. Click on the “X” at the top left – Select “Ok”
  - **Please Note:** Even though you have gone through this process to delete the credit card email from your computer, the information will be retained on the email server for four weeks once you have completed this process. For this reason, it is of the utmost importance that you are required to deny a customer’s request for emailing credit card payments. Emailing credit card numbers is **NOT** PCI compliant.
- Units that have been approved to accept credit card payments via fax must have the fax machine in a secured area that only the supervisors and staff that process these payments can access. Credit card data should be secured at all times. Once the transaction has been processed, the PAN data should be removed from the form and cross cut shredded. The Director of Student Business Services must approve all credit card fax forms.

- Units that have been approved to accept credit card payments via mail and/or telephone must at all times secure credit card data. Once the transaction has been processed, the PAN data should be removed from the form and cross cut shredded. The Director of Student Business Services must approve all credit card mail-in and telephone forms.

### **Credit Card Batch Settlement**

Units will need to ensure that all credit card batches are settled daily.

- Depending on the credit card payment system/device, some units will perform a required credit card transaction settlement procedure at the end of the business day. A batch settlement report is produced at this time.
- The batch settlement report is attached to the individual sales receipts and filed with the daily cash receipts. Most units will be required to submit a copy of the batch settlement report to Student Business Services.
- Credit card payment systems/devices must electronically transmit the daily activity directly to the bank the same day or night that the transactions are settled.

### **Refunds/Credits**

Refunds/credits must go through the normal required approval process. Units utilizing the University's official cash receipting system or POS terminals will submit the approved refund request to Student Business Services. Units that have an approved payment system (other than the official cash receipting system) and that have been approved by the Director of Student Business Services to process refunds/credits within their system will also go through the normal required approval process, but the payment system administrator or approved designee is authorized to process credits and refunds within the system. In either situation, units must have an approved internal procedure for the credit/refund process.

### **Reconciliations**

Units must reconcile sales transactions captured through their web sales, cash receipting systems and POS devices.

- Units that utilize the University's cash receipting system that updates the University's ERP system will balance according to Cash Handling Guide Part 3. Receipts.
- Units that utilize an approved cash receipting system, online payment system or POS device that does not update the ERP system will balance according to Cash Handling Guide Part 3 and submit a transmittal to Student Business Services or approved designee unit to record sales to the ERP system via the University's cash receipting system.

- If a unit discovers that sales transactions are missing, duplicated or incorrectly posted, the individual responsible for reconciling the account(s) must contact Student Business Services for assistance in resolving the errors.
- Units that continue to have discrepancies of any kind on the monthly reconciliation will be required to go through individual cash receipting training and may be subject to having their cash receipting privileges revoked.

### **Disputed Sales Transactions**

- If a cardholder disputes a sale transaction processed through a University merchant, Student Business Services will notify the unit of the dispute.
- The unit must then review original records and submit supporting documentation to the Director of Student Business Services within three days of the request for dispute and/or the unit may have to contact the customer directly to address the dispute. If the dispute is not resolved within a specified time or if the credit card company approves the customer's dispute, the credit card company will charge back the payment to the Delta State University bank account. Upon receiving notice of the charge back from the credit card company and verifying the bank account has been debited for the charge back, the Director of Student Business Services will charge the unit's account for the amount of the charge back.
- The department/activity will be responsible for contacting the customer and resolving the issue.

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### **Process Credit Card Sales Capture of Minimum Required Sales Information Through Unit Web Sites**

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Each unit that receives approval to accept credit card payments through a web site must, at a minimum, capture the following information from each customer transaction:

- **Credit Card Information:**
  - Credit Card Number-must accept Mastercard, Visa, Discover, American Express
  - Expiration Date
  - Security Code
  - Credit Card Billing address
- **Other required information for web site application:**
  - Description of item or items purchased
  - Amount of purchase
  - Customer name
  - Mailing address
  - Sales tax, if applicable
  - Total amount charged
  - A unique identifier for each transaction
  - Email confirmation of payment

For security purposes and as required for PCI compliance, PAN data and security codes cannot be stored/retained on University web sites or administrative systems at any time or for any length of time (including seconds).

### **Batch Closing and Transmission**

- Units that have an approved online payment system should have their credit card batch set to auto close right before midnight or at an approved designated time. If the online payment system does not have an auto close feature, then the unit will need to work with the Director of Student Business Services to determine the best time for the manual settlement process.

### **Credits/Refunds**

- Refunds/Credits must go through the normal approval process, but only the web payment system administrator or approved designee is authorized to process credits and refunds. Such adjustments to customers' accounts will only be processed with the written request of a merchant unit. Units must be approved by the Director of Student Business Services to process credit card refunds/credits within the unit's system and each unit must have an approved internal procedure for the credit/refund process.

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### **Additional Information**

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#### **Fees**

Each unit's transactions are subject to assessment, discount and a per-item fee charge by Visa, MasterCard, Discover and American Express and the credit card processor.

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### **Security Standard Requirements**

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The Payment Card Industry Data Security Standards (PCI DSS) include requirements for security management, policies, procedures and network architecture, software design, and other critical protective measures. Student Business Services and all units processing credit card transactions will comply with the **Payment Card Industry (PCI) Data Security Standard (DSS)**.