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Standard Operating Procedure: **Cash Handling**

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Unit(s) Responsible: **General Accounting  
Treasury**

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Effective Date: **July 22, 2010**

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### Description

The following document provides guidelines to the University community for handling of cash and equivalents as well as instructions on the proper usage of the bank deposit forms.

### Definitions

**Cash and Cash Equivalents:** Monies accepted for deposit by BMO, including currency, coins, paper cheques, money orders, drafts, etc.

**BMO:** Bank of Montreal

**Bank Deposit Bag:** UNISTOP® deposit bag provided by BMO for transferring monies. These deposit bags are available to the community through the University Bookstore.

**Bank Deposit Bag Number:** Unique number assigned to each Bank Deposit Bag; utilized for tracking and reconciliation purposes.

**Canadian Deposit Form:** BMO/York University electronic form housed on the Finance website and used in conjunction with the Bank Deposit Bag for the depositing of Canadian cash and cash equivalents into University cost centres.

**Canadian Deposit Continuation Form:** York University electronic form housed on the Finance website, and used in conjunction with the Canadian Deposit Form when more than eight (8) chartfield lines are required.

**Foreign Funds Deposit Form:** York University electronic form housed on the Finance website for the depositing of foreign cash and cash equivalents (i.e. those denominated in currencies other than the Canadian dollar) into University cost centres.

**Depositing Unit:** Identified as the department/unit responsible for completing the bank deposit.

### Purpose

This document provides instructions on how to handle day-to-day cash management responsibilities, such as receipting and depositing funds. It should be used in conjunction with the University Policy regarding [Management of University Cash and Cash Equivalents](#) found on the York University Secretariat website.

Cash and equivalents are resources that must be guarded with proper security and effective controls. The procedures explained in this document should be carried out with the same prudence that one would exercise when handling one's own funds.

Topics of instruction included in this document are:

- Overview of How to Deposit Funds
- Process for Completing a Canadian Deposit
- Process for Completing a Foreign Funds Deposit Form
- Reconciliation to eReports
- Wires
- Dishonoured Cheques
- Deposit Errors
- Taxes
- University Cash Handling Practices
- Safeguarding University Assets

## Overview of How to Deposit Funds

The following table outlines how each type of currency should be deposited:

Currency *	York University Form(s)	Where to Deposit
Canadian	<ul style="list-style-type: none"> <li>▪ <a href="#">Canadian Bank Deposit Form</a></li> <li>▪ <a href="#">Canadian Bank Deposit Continuation Form</a></li> </ul>	<p>For deposits originating from the <b>Keele Campus</b>, the form and funds should be deposited via the following methods:</p> <ol style="list-style-type: none"> <li>(1) Pick-up via G4S secure transportation, where volumes are warranted and service has been arranged through Treasury; or</li> <li>(2) Deposited in person (by the department) at the Bank of Montreal (BMO) York Lanes branch, using the external depository</li> </ol> <p>For deposits originating from the <b>Glendon Campus</b>, the form and funds should be deposited via the following methods:</p> <ol style="list-style-type: none"> <li>(1) Pick-up via G4S secure transportation, where volumes are warranted and service has been arranged through Treasury; or</li> <li>(2) Deposited in person at the Office of Student Financial Services, C138, York Hall.</li> </ol>
U.S.	<ul style="list-style-type: none"> <li>▪ <a href="#">Foreign Funds Deposit</a></li> </ul>	<p>The deposit form and funds should be deposited via the following methods, applicable to both campuses:</p> <ol style="list-style-type: none"> <li>(1) Pick-up via G4S secure transportation, where volumes are warranted and service has been arranged through Treasury; or</li> <li>(2) Delivery to General Accounting**, 4747 Keele Unit 1, Keele Campus</li> </ol>
Other	<ul style="list-style-type: none"> <li>▪ <a href="#">Foreign Funds Deposit</a></li> </ul>	<p>The deposit form and funds must be remitted to:</p> <p style="text-align: center;">General Accounting ** 4747 Keele, Unit 1 Keele Campus</p> <p>General Accounting will make the deposit with the bank.</p>

\* Note that in all circumstances, separate deposit forms must be prepared for **each** type of currency. You cannot mix currencies within a deposit form.

\*\* It is preferable that all deposits remitted to General Accounting are delivered in person. However, any deposits containing cash or travellers cheques **must** be delivered to General Accounting **in person**, without exception. For deposits that do not contain cash, these deposits may be submitted through interoffice mail.

## Process for Completing a Canadian Deposit

Please follow these steps when making a deposit of Canadian funds:

1. Please complete the Canadian Bank Deposit Form found on the Finance website at <http://www.yorku.ca/finance/forms/>.

*Note: For units who receive Canadian funds on an infrequent basis, General Accounting may be able to prepare the deposit on your behalf. Please contact General Accounting to make such an arrangement.*

2. Print the completed form using the print button located on the bottom right corner of the form. Three copies will be automatically printed:

*BMO – bank record*

*BMO – receipt to be returned to York University*

*Depositing unit – retain for your files*

3. Take the first two copies (which are checked “BMO – bank record” and “BMO – receipt to be returned to York University”) and place them in a BMO deposit bag along with the funds. The bag should then be sealed.

*Note: Both the preparer and the approver must observe this step. Both parties should agree that the funds placed in the bag agree with the deposit totals on the form.*

*The preparer and approver must be separate individuals. The approver must be a person who regularly acts in a supervisory role to the preparer.*

4. Write the following details on the outside of the Bank Deposit Bag:

*York University*

*Department Name*

*Department Telephone Number*

5. Each BMO Bank Deposit Bag contains a perforated tab located at the opening of the bag. Once the bag is sealed, this tab should be detached and stapled to the third copy of the deposit form (which is checked “Depositing unit retain for your files”).

*Note: The department should keep this third copy in their files for a period of 2 years.*

6. The bag should be submitted to Bank of Montreal through the methods described in the chart above (refer to the column “Where to Deposit”).

Departments who submit their deposits to the Bank of Montreal should do so at the York Lanes branch using the external depository to the left of the bank entrance. The depository can be used 24 hours a day, seven days a week. The depository drop slot will accept bags up to 1½ inches thick. Thicker deposits must be placed in the depository using a key. For questions surrounding keys, please contact Treasury.

*Note: Only in exceptional circumstances should a deposit be made using the in-branch services.*

Once Bank of Montreal is in receipt of the bag, they will process the deposit and apply the funds to York’s bank account. BMO will stamp the copy marked “BMO – receipt to be returned to York” as proof of receipt and send this copy back to Finance - General Accounting.

Once General Accounting is in receipt of this copy, the deposit will be journalized into York's ledger, and accordingly, reflected in the department's cost centre(s).<sup>1</sup>

When General Accounting keys each journal into York's financial system, the Journal Line Description and Reference fields on the Canadian Bank Deposit Form will be input so that the department can cross-reference activity in eReports to their deposit forms.

*Note: General Accounting retains its copy (marked "BMO – receipt to be returned to York") for a period of 7 years.*

### **Tips on Completing the Canadian Bank Deposit Form**

- The form has been designed to be completed online and should not be completed in handwriting. The online version provides two major benefits to users: (1) an automated tracking number used to track the deposit throughout its lifecycle, and (2) advanced formulas that calculate totals and validate the input of key fields.
- Only tick the "SFS Deposit" box if the cash receipt will be recorded in the Student Information System. Only designated departments/areas should be using this check box.
- The 'Total Deposit' located in the 'Deposit Summary' must equal the 'Total' in the chartfield section. In other words, the amount of funds deposited to BMO must equal the chartfield values. The preparer must initial the form to indicate these amounts agree.
- Should there be insufficient chartfield rows for the deposit, please place the additional lines on the Canadian Bank Deposit Continuation Form. Ensure that you carry over the Journal Line Description and Reference data onto the Continuation Form.
- A critical field on both forms is the 'Journal Line Description'. This is a mandatory field and must be completed in full.

### **Process for Completing a Foreign Funds Deposit Form**

Please follow these steps when making a deposit of non-Canadian funds:

1. Complete the Foreign Funds Deposit Form.  
*Note: A separate form must be prepared for each type of currency being deposited.*
2. Attach the funds to the deposit form.
3. Remit the deposit form and funds to General Accounting, who will deposit the funds into the bank account.

Note that designated high-volume areas of the University (mainly Student Financial Services and the Bookstore) will be provided with deposit books and procedures for depositing U.S. funds directly with the Bank of Montreal. This arrangement will be made at the discretion of the Treasurer.

### **Reconciliation to eReports**

Departments are responsible for keeping a listing of the deposits they have submitted. The information contained on this listing must be reconciled to eReports on a regular basis, at minimum weekly.

In general, deposits will be posted to the general ledger approximately 2-3 business days after the unit has submitted the funds for deposit.

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<sup>1</sup> Note that STAC deposits do not need to be input as a manual journal. Due to the interface between the Student Information System and York's financial system, SIS automatically feeds the journal into PeopleSoft.

## **Wires**

Departments who regularly receive payments from outside of Canada should encourage their customers to make payment via wire into York's bank account. Wire payments are convenient for both parties and provide enhanced security while at the same time reducing the time involved in the clearing process. Wire payments are more efficient than cheques or money orders.

York University has developed written instructions for customers making wire payments to York. These instructions, titled 'Directions: Income Wire Transfers for York University', provide all pertinent banking details necessary to make payment into York's bank account in Canadian or other currencies. An electronic copy of these instructions can be obtained from the General Accounting Section Head.

## **Post-Dated Cheques**

Bank deposits should only include cheques that are dated on or earlier than the date of deposit with the Bank of Montreal. Those employees involved in deposit-taking must ensure that the deposit preparation process incorporates verification of the date found at the top-right corner of the cheque.

Dishonoured post-dated items that are inadvertently processed in advance of the cheque date will be stamped 'Item Dishonoured' and the original or an image printout of the cheque will be returned to York University. As per Rule A4 subsection 122(d) of the Canadian Payment Association rules, any dishonoured post-dated item cannot be certified and then re-cleared. If this situation arises, the depositing unit will need to make arrangements directly with the cheque maker to obtain a replacement cheque and then re-deposit that replacement cheque.

## **Dishonoured Cheques**

Dishonoured cheques usually occur because the maker of the cheque has either stopped payment or does not have sufficient funds in their account. General Accounting will return dishonoured cheques to the department concerned through internal mail with a covering memo.

Any returned cheque will be debited to the cost centre contained on the endorsement stamp. To further aid departments in tracking returned items, the account 339900 Deposit Adjustments will be used when General Accounting makes the adjustment.

Since a dishonoured cheque represents a debt to the University, the matter must be addressed promptly with the maker of the cheque. Departments are responsible for immediate follow-up of any returned items and subsequent prompt depositing of the replacement funds.

Note that bank regulations preclude the re-depositing of any returned item, and therefore cash, a certified cheque, or money order should be obtained in its place. Departments are encouraged to impose an administrative charge to cover the costs involved with returned items (including bank fees and people hours). The amount of the administrative charge should be clearly communicated as department policy in advance of accepting deposits.

## **Deposit Errors**

In the unlikely event that the Bank of Montreal discovers an error in a deposit, the amount will either be debited or credited to the 339900 Deposit Adjustments account using the cost centre found on the endorsement stamp. Departments will be advised of the error and will be responsible for reconciling and adjusting their accounts.

## **Taxes**

Harmonized Sales Tax (HST) may apply to the sale of a good or service. Further information about HST can be obtained from the Finance website at <http://www.yorku.ca/finance/forms/>.

Units are responsible for ensuring that they are collecting the appropriate amount of HST, in accordance with all tax laws and regulations.

HST amounts should be recorded in the applicable row of the chartfields section of each form. All taxes should be charged to each unit's cost centre. For transactions where the tax collected applies to multiple cost centres, use the cost centre to which the majority of the revenue applies.

## **University Cash Handling Practices**

**Accountabilities** - All departments are reminded of the accountabilities contained in the Year-End Accountability Letter. The following questions should always be considered when handling cash:

- Have you receipted and submitted your deposit to the bank for cheques and cash received in your department up to and including the month-end and year-end cut-off dates? Do you ensure that a second individual always reviews and approves deposits/reconciliations?
- Have you restrictively endorsed (to the credit of the University designated/approved bank account), upon receipt, cheques received by your unit?
- Do you securely store cheques and cash at all times? Do you deposit cash and cheques on a timely basis? Cash and cheques should be deposited to the bank on a daily/regular basis.
- Do you consistently and regularly ensure that all deposits are posted to the proper cost centre/account on a timely basis (within one week) and do you ensure postings are accurate and complete?
- Where an employee is handling cash, do you ensure that the employee is properly supervised and that another employee that has no cash handling duties consistently reviews reconciliations?
- If your unit handles large volumes of cash transactions, do you ensure there is an appropriate segregation of duties? The functions of recording and reporting of transactions, the handling of cash, and the approval of transactions must be performed by different individuals.
- If your unit has debit/credit card processing capabilities, do you ensure that ALL refunds and credits are consistently approved and authorized by a supervisor to prevent the processing of improper refunds and credits and that ALL refunds and credits are processed via the same card as the original transaction?

**Bank Accounts** - Funds may only be deposited into the official University bank accounts established and maintained by York's Treasurer. Individual departments cannot hold bank accounts in their name and the use of private bank accounts to clear University funds is prohibited.

**Centralized Collection of Money within Departments** - All departments are urged to centralize the collection and depositing of monies to the extent that doing so is economically and operationally possible.

**Segregation of Duties** - A staff member involved with handling funds should be responsible for only one financial activity — receiving **or** depositing **or** reconciling funds. Where this is not feasible, the department should discuss the matter jointly with the Treasurer and Comptroller to develop alternate controls.

**Types of Payment Accepted** - York University will accept cash, cheques, money orders, bank drafts, and traveler's cheques. *Note that departments should retain photocopies of all drafts, money orders, and travellers cheques.*

**Currency** - York's currency of business is Canadian dollars. Where payment is coming from parties located outside Canada, these parties are generally required to remit the payment either in Canadian or U.S. dollars. Payments denominated in other foreign currencies often result in significant banking/conversion fees to York as well as lengthy delays in the clearing process within the banking system. The final amount posted into York's bank account is often less than the Canadian-denominated amount owed by the external party, exposing the University to foreign exchange risk.

If a department chooses to accept payments that are not denominated in Canadian or U.S. dollars, the funds will only be applied to the department's cost centre(s) once the bank clearing process is complete.

Deposits in exotic currencies (i.e. currencies from remote locations or that are infrequently used in global commerce) must be coordinated with the Treasurer.

**Coinage** - It is customary business practice to accept payment in coin. If however, an unusually large amount of loose change is offered as payment and accepting it would be inconvenient, then the payment may be refused on the grounds that it does not conform to the definition of acceptable legal tender.

Legal tender for payment is defined by the Currency Act as follows:

- \$2 coins up to \$40.00
- \$1 coins up to \$25.00
- 25¢ quarters up to \$10.00
- 10¢ dimes up to \$10.00
- 5¢ nickels up to \$5.00
- 1¢ pennies up to 25 cents

Any department that prefers not to accept coin in payment for services or material must clearly communicate this practice to their customers.

Departments should always roll large amounts of coin in appropriate wrappers before making any deposits.

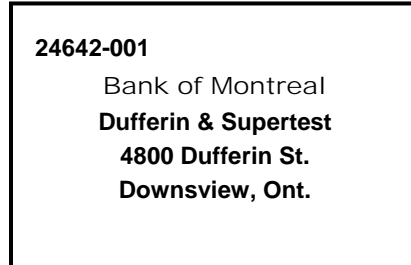
**Cheques** - When accepting cheques, the following rules and procedures should be observed:

- Counter cheques are not acceptable. Counter cheques are blank cheques that were formerly provided by banks, whereby the account holder manually input their banking details. Counter cheques are no longer provided by banks and according to Canadian Payment Association standards all cheques must be MICR encoded at the bottom.
- The date on the cheque should be the current date. Stale-dated cheques (those more than six months old) cannot be cashed and will instead be returned by the bank.
- Departments may accept post-dated cheques, provided they have adopted appropriate procedures to safeguard the security of the cheques and to track when each post-dated cheque should be deposited. *Note that post-dated cheques cannot be deposited prior to the date written on the cheque.*
- Cheques must be made payable to York University.
- The amounts written on the cheque in words and figures must agree.
- The name, address, and telephone number of the maker of the cheque is generally printed on the face of the cheque. If this is not the case, this information should be written on the back of the cheque.
- Cheques must be written for the amount of the transaction. It is prohibited to provide cash-back on cheques (i.e. to accept a cheque for an amount that is greater than the transaction and provide the difference as cash back to the cheque maker).
- Under no circumstances should a cheque be cashed from the cash on hand. This would put the University at risk should the maker's cheque default.
- If the maker of the cheque is a York student, then the student's York ID number should be noted on the back of the cheque.
- If the maker of the cheque is not known, then identification should be requested. Customary forms of identification are a driver's licence, health card, passport, or other federal/provincial/municipal identification card.
- The serial number of the receipt that is issued must be noted on the back of the cheque. This number will aid in identification if the cheque is returned.

**Endorsement** - Cheques must be endorsed immediately upon acceptance from the maker using a deposit stamp issued by General Accounting. The purpose of this stamp is to restrict the negotiability of the cheque and to identify the department making the deposit.

Note that separate stamps must be used for Canadian funds and U.S. funds. An example of the Canadian stamp is shown below:

**DEPOSIT TO THE CREDIT OF  
YORK UNIVERSITY  
2464-1028-448**



24642-001

**339900-200-XXXXXX  
DEPARTMENT NAME**

**Issuance of Receipts** - Upon collection of funds from an individual, a receipt (in permanent ink) must be issued by the department. Receipts must not be altered or erased once they are issued. The format of the receipt is at the discretion of the department, but it must include the following items:

- York University and address
- Name of department
- Name of the person paying
- Reason for payment
- Date of transaction
- Amount in numerals
- Dollar amount in words, cents in numerals
- Name and signature of individual issuing the receipt

**Frequency of Deposits** - Canadian funds must be deposited at regular intervals:

- Daily for large amounts, \$1,000 and up;
- Twice weekly for smaller amounts;
- Weekly for cash received irregularly, but immediately if a larger sum is received.

**Safekeeping of Cash and Equivalents** - Pending deposit, cash and equivalents must be held in a secure location such as a locked cash box in a locked filing cabinet, a lockable cash drawer, or a safe. The degree of security needed will depend on the amount of the currency normally handled and the environment. When the amount received reaches significant proportions, it must be locked in a combination safe.

The Treasurer or Security Services should be consulted about the safekeeping of University assets so that they are fully protected.

**Security Considerations for Individuals Transporting Deposits** - As a general security control, departments should vary the time at which they deposit funds to the Bank of Montreal or deliver their deposit to General Accounting.

**Payments against Invoices Issued by General Accounting** - General Accounting will issue invoices on behalf of University departments, provided that the requestor prepares an [Invoice Requisition](#) form which can be found on the Finance website. When a payment arrives at a department and it is associated with an invoice issued by General Accounting, it must be directed to General Accounting for processing. The



department cannot deposit the funds itself; the funds must be applied against the accounts receivable held on General Accounting's ledger.

***Funds Pertaining to Research Projects*** - Departments are **not** permitted to deposit funds to either Fund 400 or 500. Departments that have monies for these funds should call Research Accounting at (416) 736-2100 x 20232.

### **Safeguarding University Assets**

Employees are responsible for following University policies, procedures and guidelines. If you have concerns about correctly applying this Cash Handling standard operating procedure within your unit, particularly in relation to safeguarding the University's assets (cash and deposits), please contact the Treasurer at 55539 or via email.

### **Contacts**

For questions related to the deposit form and related procedures, please contact the General Accounting Section Head at (416) 736-2100 x 22006.

For questions on cash handling practices, please contact the Treasurer at (416) 736-5539.