

Cash handling controls and procedures

Cash handling controls

Management is responsible for the development and implementation of policies, procedures and systems that safeguard the assets of the institution, ensure accurate accounting data, and prevent, detect and correct error or fraud. Management is also responsible for ensuring that cash, cheques, and credit and debit card receipts are safeguarded against loss or theft, promptly deposited into a university bank account, and accurately recorded in the University's general ledger. To fulfil these responsibilities, each unit receiving cash and equivalent must develop appropriate cash handling controls and procedures that reflect the unit's size, complexity and method of operation. Detailed procedures will vary from unit to unit; however, they must address these management responsibilities.

This document provides guidelines on controls and procedures for the handling of cash and equivalent, including cheques and debit and credit cards. For additional specific guidelines with respect to the processing of credit and debit card payments, refer to the [payment card processing guidelines](#).

Structure

Equipment and forms used must be appropriate for the amount of cash handled by the unit and the number of individuals handling the cash. This applies to equipment used for both recording cash transactions and safe guarding cash (safes and lock boxes).

Segregation of duties

The essence of segregation of duties is that no one is put in a position in which they are able to both commit and conceal an error or fraud. An individual should not be made responsible for all of the steps in the cash receipt and recording process. Duties must be assigned so that the work of one individual is checked by another.

Examples of appropriate segregation of duties:

1. Staff responsible for receiving cash do not have accounting responsibility except, possibly, summarizing cash receipts. Cashiers do not:
 - a. authorize and process refunds;
 - b. prepare or make adjustments to accounts receivable; or
 - c. collect and record returned customer cheques.
2. Daily cash reports are reviewed by a supervisor or manager - with careful agreement of amounts reported to cash register totals. This review includes confirmation that totals are reported for all cash registers used during the day and continuity of cash register control numbers (if applicable). Any discrepancies require full explanation and documentation. Forward the approved cash report directly to Accounting Services; do not return it to the cashier.
3. Cash register totals must be cleared by a supervisor or manager.
4. Correction of cash register entry errors (voids or over-rides) require the intervention of a supervisor or manager.
5. Deposit discrepancies are investigated by someone other than the staff member responsible for preparing the deposit. Each unit must provide a contact name(s) to Accounting Services.
6. Refunds are processed and authorized by different people.



Cash handling procedures

Procedures for handling cash and equivalent should support accountability and accuracy.

1. Record cash receipts immediately as received and in the presence of the customer.
2. Use cash registers, where feasible, to record the collection of cash and issue receipts to the customer. If paper receipts are not issued, make sure that the display screen on the cash register is visible to the customer. If cash registers are not used, issue a manual receipt for cash collected and ensure a receipt of payment is given to the customer – make the customer an involuntary auditor.
3. Restrictively endorse cheques immediately upon receipt. The endorsement should read:

For deposit only
In the RBC Royal Bank

To the credit of
University of Victoria
Dept: _____

4. Restrict access to cash to the individual accountable for it (i.e. cashier on duty).
5. Deposit each day's cash receipts intact and without delay.
 - a. Exceptions to this requirement may be appropriate if the unit receives small dollar amounts. In this case, a deposit should be prepared when sufficient funds have been collected. Other than cash floats, the maximum amount of funds that should be held in a unit is \$200. This assumes the availability of a good quality safe or lock box.
 - b. An 'intact' deposit means that no one replaces cash with a personal cheque. The sum for cash, cheques and other forms of payment must individually reconcile to the total on the cash register tape (if available).
6. Review cheques for completeness – post-dated cheques should be accepted only when permitted by policy or regulations.
7. Do not accept second party cheques (i.e. not payable to UVic).
8. Ensure there is a clearly defined procedure for dealing with corrections and adjustments to amounts entered into cash register.
9. Establish accountability each time cash is transferred.
10. Secure / lock up cash, cash registers and PIN entry devices (PED) when a cashier is not present – ensure that the facility is set up for this. Refer to the fraud prevention section of the [payment card processing guidelines](#) for additional guidance.
11. Ensure customers cannot reach to open tills.

Documentation and training

Maintaining internal control over the handling of cash and equivalent requires qualified and trained personnel. To support the safe and secure handling of cash and equivalent in a unit, current documentation of procedures should be maintained and regular training should be conducted.

1. Include a description of responsibilities of all staff and supervisors in cash handling procedure documentation. Documentation should be regularly reviewed and updated.



2. Make operating instructions for equipment used in the cash and equivalent handling process available to all staff.
3. Provide adequate training to ensure staff, supervisors and managers have knowledge of current policies and procedures and understand that strict adherence to these policies and procedures is required.
4. Managers and supervisors should take part in the training of new staff.
5. Regularly review the performance of staff.
6. Consider opportunities for job rotation.
7. Ensure training takes into account robbery prevention, fraud prevention and personal safety.

Manager awareness

Maintaining internal controls is a management responsibility. Managers should be aware of cash handling procedures and should:

1. Monitor variations between actual revenues received from cash related business and, by reference to previous year or to budget, what is expected.
2. Insist on explanations for significant cash shortages or overages and be aware of trends of small dollar cash discrepancies.
3. Understand the control features built into the unit's cash register equipment and make full use of these controls.
4. Separate keys for clearing totals (as opposed to just taking reading totals) and configure sequence numbers for each time a cash register is cleared.
5. Review unit procedures and policies from an internal control perspective.

Cash handling queries should be directed to the Manager, Treasury Services or the Director of Accounting Services.