



Online Accounting Software

HANDLING CASH GUIDE



Why you need to think about procedures for handling cash

Your company needs to bring in revenue if it is to survive and thrive. Although cash is in decline as a method of payment, it will still be important for many businesses, particularly for smaller transactions.

However, cash will always be an attractive target for thieves. Unfortunately, this can mean your own staff.

Good cash-handling procedures are not just about protecting your company from crime however. All aspects of your business should be well managed to keep you in control. Monitoring cash takings is one obvious way to gauge how your business is performing – as a whole, or even at an individual staff member level.

As with all processes it's important to have set procedures that you and everyone who works for your company understands and sticks to. You can't have everyone using their own approach: this will only lead to confusion and might encourage people to abuse the system.

Who should be involved?

Drawing up cash-handling procedures could be just down to you or your management team, particularly those with accounting responsibilities. However, to give employees a sense of ownership and involvement, include people from the 'shop floor', like those people actually operating cash tills and dealing with payments from customers.

Minimising the use of cash

Of course, many small businesses, especially those providing services, no longer deal in cash. So, perhaps your first move should be to minimise the amount of cash you handle by encouraging customers to use credit or debit cards or electronic transfer payments. If the buying experience is frustrating or difficult for people, you could lose their custom. So, you need to think carefully before removing the cash option completely – and remember your staff will still have to deal with petty cash to pay for those small expenses your business will incur day to day

Cash handling on your premises

The eight suggested procedures set out below are general guidelines only. Every business is different so tailor yours to suit your company.

1. Receipts

A receipt should be issued for all cash (and other kinds of payment) received and a copy retained. Receipts should be processed through the cash register, or issued manually and show:

- date received
- name of the payee
- amount received
- what the payment was for
- type of payment
- unique receipt number.

2. Authorised staff

Cash transactions should only be dealt with by authorised staff. Ideally, two people should witness withdrawals or lodgements for certain higher amounts of cash as appropriate to your business.

3. Security

All cash collected and any floats should be held securely, either in a till or in a locked cash box at all times. Don't keep large sums of cash in one location, or allow money to build up in the tills, especially during the evening and late at night. Empty tills at frequent intervals, irregular times and not in front of customers. Regularly remove high-value notes from tills and store in a safe.

Some important tips on security when using cash:

- Advise staff never to turn away from an open till draw. Cash should never be left unattended.
- Use a strong cash box and, if possible, two staff members when manually collecting cash from tills – one can act as lookout.
- Keep the safe locked and change the combination frequently. If possible, have two people as key holders for safes and check that keys

are not left on the premises. Safes are often now accessed by a pin number via a keypad.

- Use signs to clearly state that there is minimal cash on the premises or in your cash in tills.
- Try to locate the main cash-counting area as far as possible from customer areas. Count cash out of view of customers and as far away from entrances/exits or public areas as possible. Check that the office and/or storeroom has a suitable lock.
- Under no circumstances should cash be used for paying advances to staff, reimbursements of staff personal expenses or mileage claims, wages or salaries.
- Cash should be stored securely in a safe until banked. This is particularly important if you need to keep a certain amount of money on the premises because of bank holidays or weekends. However, the general rule should be that all banking should be completed without delay.

4. Till reports

All cash registers should be emptied daily with cash takings matched to till reports. A supervisor or manager should confirm that daily banking is consistent with till readings. Keep notes of discrepancies and suspicious incidents to be investigated at the earliest possible time.

Cash tills can generate two kinds of reports, telling you how much money has been taken. An 'X read' can be done at any time during the day and as many times as you wish. This also allows you to view your takings without resetting the sales totals to zero. It's especially useful if a member of staff is replaced at a till during the course of a working day and you want to have a separate record of takings for each member of staff. This can alert you to a problem at a till early, rather than at the end of the day. A 'Z read' is typically taken when your business closes for the day so you get a printed sales total for the day. In addition, the sales totals on your cash register will reset back to zero.

5. Petty cash

Most companies have no choice but to keep petty cash or a cash 'float' readily available to pay for small expenses like office supplies. Don't be tempted to take money out of tills to make up petty cash. This will only

confuse your attempts to match till takings to till reports. It could also be used as a cover for petty theft.

Instead, decide on the amount of petty cash you need and withdraw it from your bank so that it's recorded in the usual ways. Any money paid out should be replaced with a petty cash voucher made out to that amount. Petty cash vouchers should be signed for by the person taking the money and then authorised by someone else. Always get receipts for any purchases using petty cash.

7. Cash handling at events

If your business is trading at an event off-premises, like an outdoor festival, appoint individuals to collect money from sellers (and give sellers some means of identifying those individuals) or designate places at the event where sellers can deposit money.

It's a good idea for collections to be recorded on a summary sheet signed by sellers to confirm the amount of money collected. In certain circumstances it may not be practical for money to be counted at interim stages during the course of an event; however, keep record of all collections made, evidenced by signatures from both collectors and sellers. Of course all takings, including floats, should be collected and recorded from all locations at the end of an event.

8. Counterfeit money

If you accept a counterfeit note, you won't get compensation from the Central Bank, so it's best to spot fakes yourself if you can.

There are several security features to look out for:

Feel

Paper: All euro banknotes are printed on pure cotton paper which feels crisp and firm (not limp or waxy).

Raised print: Special printing makes the ink feel raised or thicker in the main image, the lettering and the value numerals on the front of the banknotes. To feel the raised print, run your finger over it or scratch it gently with your fingernail.

Additional tactile marks for the visually impaired are included on the bottom edge of the €200 banknote and on the right-hand edge of the €500.

Look

Watermarks: All euro banknotes contain a watermark that is visible when held up to the light. This watermark shows a picture and displays the value of the banknote.

Security thread: The security thread is embedded in the banknote paper. If you hold the banknote against the light, the thread will appear as a dark stripe. The word «EURO» and the value can be seen in tiny letters on the stripe.

Perforations: Hold the banknote against the light. In the hologram you will see perforations which form the € symbol. You can also see small numbers showing the value.

Tilt

Holograms and colour-changing numbers: Low value notes (5, 10 and 20 euro) have a hologram foil stripe on the front. Higher value notes (50, 100, 200 and 500 euro) have a hologram patch on the front and a colour changing number on the back.

When you tilt a low value note, the euro symbol and the value of the banknote appear and a glossy stripe on the back. When the banknote is tilted under a bright light, the stripe shines and slightly changes colour.

When you tilt the front of a high value note an image of the architectural motif and the value of the banknote appear. When you tilt the back of the banknote, the value numerals change colour from purple to olive green or brown

Additional security features

Microprinting: On some areas of the banknote you can see tiny writing, for example, inside the «EYPΩ» (EURO in Greek characters) on the front. You will need a magnifying glass to see it. The microprinting is sharp (not blurred).

Check with an ultraviolet lamp: Under UV light

- The paper itself does not glow.
- Fibres embedded in the paper appear, coloured red, blue and green.
- The flag of the European Union looks green and has orange stars.
- The signature of the ECB President turns green.

The large stars and small circles on the front glow. The map, bridge and value numeral on the back appear in yellow.

8. Cash in transit

If you or your staff transport cash:

- Bank your money regularly to keep cash to a minimum.
- Ensure staff are trained and made aware of precautions they should take when transporting large sums of money.
- Vary the route and time of day when you go to the bank so your movements cannot be predicted. Wear your own clothing rather than company uniform.
- If possible, travel by vehicle rather than on foot or public transport. Always use a reputable taxi firm. Avoid using vehicles with distinguishing features like your company's name. If you're on foot, make the journey when other people will be around.
- Warn the bank of your expected arrival time and inform another member of staff of expected return time.
- Use security bags or unmarked bags to carry cash and do not draw attention to them.
- If the worst should happen, give criminals the cash with no heroics. The money should be insured and not worth suffering injury for.

If you use a security firm to transport cash:

- Choose a reputable company, such as a member of the Irish Security Industry Association (<http://www.isia.ie>), and work closely with them to assess risks.
- Vary your collection times.
- Have a system to confirm the identity of security staff. At the very least their ID card should be presented and checked.
- Advise your staff that if they are suspicious of the guard they should alert the police and security company as soon as possible.

Handling Cash Checklist

Procedures: Do you have set procedures for handling cash that everyone in the business understands?

Not Using Cash: Have you thought about minimising the use of cash in your business by using other payment methods?

Receipts: Do you provide receipts to customers containing adequate information?

Security: Do you have strict security policies for handling cash on your business premises?

Till Reports: Do you match cash takings to till reports to identify discrepancies?

Petty Cash Rules: Do you have clear rules for use of petty cash?

Events: Do you follow sensible precautions if you handle cash at events?

Counterfeit: Do your staff understand the basic checks to identify counterfeit money?

Cash in Transit: Do your have procedures in place for transporting cash?



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