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BOURNEMOUTH UNIVERSITY

General Advice on Cash Handling

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1. INTRODUCTION

Cash is the lifeblood of any trading organisation. The word "cash" means notes and coins, although in practice cheques, debit and credit card transactions are usually received and processed alongside cash.

The importance of following proper cash handling procedures cannot be stressed too highly. Following good practices greatly reduces the risk to the University of cash going missing, and provides protection for staff should there be any apparent losses of funds.

1.1 Range of Activities involving Cash

The term "cash handling" covers various activities. Generally, it involves the collection, receipting, reconciliation and banking of income. However, it may also encompass other areas of financial activity such as the use of floats and operation of petty cash accounts

Other issues that may be relevant include writing off bad debts and the prevention of money laundering.

The University's Financial Regulations and Procedures give information on all these issues. Please note that failure to comply with the requirements of the Financial Regulations and Financial Procedures may lead to disciplinary action being taken against the staff concerned.

In view of the range of activities across the University, it is difficult to provide detailed guidance on all aspects of cash handling. These notes are mainly concerned with general principles and standards of good practice that should underlie cash handling procedures. Most are common sense measures, which the majority of people follow when dealing with their own finances.

2. ACCOUNTABILITY

Occasionally where monies have gone missing have occurred because proper procedures have not been followed, for example where cash has been left unattended and not locked away or safe keys left in desk drawers. In such circumstances, several people have potentially had access to the funds, but inadequate procedures and lack of accountability has often rendered it impossible to identify who may be responsible for the loss. In these circumstances, suspicion unfairly falls upon everyone.

One of the key principles of cash handling is that proper accountability is maintained at all times in the cash handling process. It must be possible, at every stage of the process, to establish which staff are responsible for accounting for monies under their control. In the event that monies are found to be missing it should be possible to hold identify which member of staff was responsible for the cash at the time it was "lost".

3. BASIC SECURITY

Faculty Directors of operations and Heads of professional Services should be aware of all locations within their Faculty or Professional Service where cash is received or held. It is helpful to review these regularly and to consider if they are all in fact necessary. Generally, many errors occur where staff that has other duties are required to handle cash on an occasional basis. It is often best if cash handling can be focussed on one or two staff that can develop the expertise required.

Faculty Directors of operations and Heads of professional Services must make clear to staff that they are accountable for cash and cheques under their control, and are responsible for ensuring that monies are held securely at all times. No other staff should have access to these monies - not even for brief periods. Cash should never be left unattended, for however short a period of time.

When cash is physically transferred between officers, the monies handed over should be counted and checked at the time of the transfer and a discharge signature obtained from the recipient. During this process, the monies should be checked and agreed in the presence of both officers.

3.1 Vending Machines

Where staff are required to empty coin and note operated photocopiers, vending machines and similar equipment, some simple rules should be followed:

- The keys for the vending machines should be kept in a safe, key cabinet or other secure place.
- Two members of staff should open the machine and remove the income.
- If the machine has a counter or meter inside, the reading should be noted.
- The cash should be taken to a secure place for counting by both members of staff.
- A book should be kept for vending machine income. This should record the date; meter reading and cash received, and be signed by both members of staff.
- The income should then be taken to the Cash Office at Talbot Campus or Finance and Performance office in Melbury House.
- Vending machines should not be emptied at a fixed time each week, as this may allow criminals to target the staff carrying the income.

3.2 Safes

The level of security will depend upon individual circumstances. Where income is collected the level of security required needs to take into account the amounts of cash involved. If substantial amounts of monies are involved it may be necessary for monies to be transferred at intervals to a safe during the day.

In Faculty and Professional Services where there are safes, all other monies such as floats and petty cash should be kept in the safe when not in use. It may also be helpful to keep certain monies, such as petty cash floats, in a separate cash boxes within safes.

Security is enhanced when monies are kept in a safe and the practice of keeping cash in drawers, desks and filing cabinets etc. should be actively discouraged. However, for this to be effective, proper control of keys to safes, cash boxes, etc. must be exercised at all times. Wherever possible, specified individuals should be made personally responsible for individual keys.

Good practice dictates that the number of keys and officers having access to safes and their contents should be kept to the minimum required for operational requirements. Access to safes must always be restricted and authorised key holders must not hand safe keys to other officers to allow temporary access to safes, for however a short a period of time.

Under no circumstances should safe keys be left in desk drawers, filing cabinets etc. Negligent handling of cash may invalidate the University's insurance. Should any safe or office keys be lost, the matter must be reported to the relevant manager, who must make arrangements for locks to be changed as soon as possible. No information relating to the premises or location of safes should be attached to safe keys, in case they fall into the "wrong hands".

In the event of any loss being discovered, the circumstances must be reported to the Director of Finance and Performance.

4. GUIDELINES FOR TRANSPORTING CASH

4.1 Introduction

The movement of cash involves significant risks, both to the safety of staff and University funds. Cash is defined as notes and coins, although when "cash" is transported this will often also include cheques received in payment and possibly supporting documents such as credit/debit card copy receipts.

4.2 Handling of Income

Security

The takings must be kept in a secure, locked safe until transportation to the Cash Office at Talbot Campus or the Finance office in Melbury House

Cash, cheques and credit/debit copy receipts should be kept safely and paid into the bank at the first opportunity. Avoid accumulating large sums, as this may exceed insurance limits, attract criminals and loses bank interest. Cash/cheques and credit/debit copy receipts should be taken to a place of security as soon as possible.

Whenever possible, at least two people should accompany significant sums of cash to reduce the risk and this should be taken to either the T/C Cash Office or Finance in Melbury House. Cash should be concealed when in public places.

Never establish a routine of going at exactly the same time each day/week, and avoid trips with cash becoming common knowledge. You never know who is listening.

Cash must never be sent in the post or using the internal mail service.

5. GUIDELINES FOR OPERATING VIRTUAL AND PHYSICAL TILLS AND CASH REGISTERS

5.1 Introduction

Any area where significant sums of cash are received on a regular basis should consider obtaining a cash register (till). When average daily takings exceed £100 or weekly takings are over £500, the use of a till is strongly advised.

There are many types of cash register available, with a wide range of facilities. Ideally, all cash registers should have the ability to record the staff using them and to identify which member of staff processed an individual transaction.

5.2 Basic Security Levels

To give a minimum level of security, a cash register must have:

Two till Rolls

- Receipts: One roll produces a receipt that is given to the customer
- Audit roll: This is housed within the till, and is retained for audit purposes. It must record every transaction and show each X and Z total (see below).

The audit roll should only be removable using a key (held by the Supervisor). However, the most recent transactions should be visible to the operator, and it should be possible to write short notes (such as initials) on the audit roll.

X and Z Totals

The cash register should also be able to produce, printed out on a receipt and recorded on the audit roll, two running totals:

An "X reading": the total rung through the till so far that day,

A "Z reading": the final total for the day.

The cash register should record both the date, and ideally the time, when both an X and Z reading was taken. Each Z reading should also have a unique number, increasing by one from the previous reading. After a Z reading is taken, this "zeros the till", so a subsequent X reading records only takings since the last Z reading.

The above features have been available on tills for many years, and are not limited to modern electronic models. Any till that does not have them should be replaced.

5.3 Till Management

One member of staff should be appointed as Supervisor of the till(s) in their area. This person should be of senior status to the till operators, and should not usually work the tills themselves. A deputy should be appointed to cover absences from annual leave, sickness etc.

The Supervisor should, as well as generally managing the operation of the tills, undertake such roles as taking Z readings, cashing up and authorising refunds and "no-sales".

Linking Staff to Transactions

Records should exist to show which member of staff used the till at a particular time and date and ideally who undertook a particular transaction. How this is done depends on the sophistication of the tills used.

In a traditional till, the member of staff on duty at the start of business should check that the till has been zeroed (by taking an X reading), and sign the top of the audit roll. The till will have a key, and whenever the employee is away from the till, even for a few seconds, it must be locked.

If the employee hands over the till to a colleague, an X reading should be taken and the two employees sign the audit roll to mark the hand over. Ideally, the till should be cashed up whenever this happens. Alternatively, a special form can be used to record when the till was handed over.

Where several employees use one till, it should be of sufficient sophistication that the person using the till for a particular transaction is recorded on the audit roll. This can be done in several ways depending on its design, for example by giving staff a personalised key that the till recognises.

Staff must never pass their key to another person without permission.

Cashing Up

This must be done as soon as possible after the close of business each day, although it may be done more often or earlier if an outlet is very busy, or this is required for any other reason. The cashing-up process will normally involve the following:

Removal by the Supervisor of the cash drawer from the till to a secure place, ideally a dedicated cash office.

Taking of a Z reading by the Supervisor, and taking the Z receipt and the audit roll with the cash drawer.

Two members of staff should then count the takings, and reconcile them to the total received as recorded by the Z reading and audit roll.

5.4 Financial Records

The actual and recorded takings, any discrepancy ("unders/overs"), and Z reading number (i.e. the number of Z readings taken) should be recorded in a permanent register by a person independent of the machine operator. The Z reading number should be checked against the previous day's reading to ensure that there is no gap. Both members of staff who counted the takings must sign the register.

Where takings are divided between cash, cheques and debit/credit cards, the total paid using the various types of payment method should be recorded separately.

The register, Z reading receipt and audit roll should all be stored safely. These are permanent financial records that must be retained for at least three years.

Discrepancies

Whenever discrepancies are found e.g. till shortages ("unders/overs"), or Z number discrepancies, the member of staff should inform their line manager without delay. The line manager should inform the Head of Faculty and the Director of Finance and Performance immediately should he/she have reasonable grounds to suspect a financial irregularity, or fraud or that the incident is not isolated in nature.

Security

The takings must be kept in a secure, locked safe until transportation to the Cash Office at Talbot Campus or Finance and Performance office in Melbury House.

Refunds and "No Sale"

Each area should have a policy on refunds, but the basic rule is that a Supervisor must approve all payments out of the till. All such payments must be recorded when made, and included in the reconciliation at close of business. A record must also be made of any occasion when "no sale" is used to open the till.

Deductions

With the exception of properly authorised refunds, no cash should be removed from the till at any stage. Similarly, at the cashing-up stage, all takings must, without any deductions, be transported to either Cash Office at Talbot Campus or Finance and Performance office in Melbury House. The only exception is the till float, which should equal that received at the start of business.

Cash must never be deducted to replenish a petty cash float, pay casual staff wages or for any other purpose.

6. FURTHER INFORMATION

Senior Cashier – June Stevenson – 01202 (9)61177 – Stevensj@bournemouth.ac.uk

Finance Operations Manager – Andrew Wright – 01202 (9)61167 – awright@bournemouth.ac.uk

Please refer to the latest 'University's Financial Regulations and Financial Procedures'.

COUNTERFEIT BANK NOTES

There are forged bank notes in general circulation and the University can incur losses through the acceptance of counterfeit bank notes. These tend to be mainly £10 and £20 notes but other denominations may be found.

A number of simple checks can be carried out by staff when bank notes are tendered for payment. These are detailed in a leaflet issued by the Bank of England entitled "Know your Bank Notes". This information is also available on the Bank of England's website at:

<http://www.bankofengland.co.uk/banknotes/index.htm>

Staff should exercise vigilance when accepting bank notes. In the event of a counterfeit bank note being detected when it is tendered for payment, the strict legal position is that the note should not be passed back to the person tendering it - the counterfeit note should be retained by the officer and the incident reported to the police. It is a serious crime to deliberately tender a forged note.

Receipts for payment should not be issued until bank notes have been examined and confirmed as being genuine, as identification of a counterfeit note after receipting will result in the University having to bear the loss.

Under an ultra violet detector light a counterfeit note will normally appear to glow with a fluorescent blue colour, whereas a genuine note will not change colour or texture. However, this method is not foolproof as some counterfeit notes are capable of passing this examination.

MONEY LAUNDERING

The University shall comply at all times with the Proceeds of Crime Act (2002) and any other regulations on suspected money laundering. Should staff have cause to suspect that any transaction with the University may be a cover for such activity, they must inform the Director of Finance and Performance without delay. Money laundering is defined as **any** transaction which involves handling the proceeds of crime.

Possible signs of money laundering include:

- A person or company makes a large cash payment to the University, but fails to provide proper evidence to confirm their identity and address.
- A persons or company doing business with the University lacks proper paperwork. (Examples may include invoices that exclude VAT, fail to quote a VAT number or invoices issued by a limited company that lack the company's registered office and number. Such information can be verified on the Companies House website, www.companies-house.gov.uk).
- A person or company attempts to engage in "circular transactions", where a payment to the University is followed by an attempt to obtain a refund from the University's accounts. (This may occur where a student pays a significant sum in fees, and then withdraws and seeks a refund).
- Unusual or unexpected large payments are made into the University's accounts.

Please note that the list above is not exclusive, and money laundering takes many forms.

The Director of Finance and Performance shall report all suspected incidents of money laundering to the competent authorities. Under the Proceeds of Crime Act, this requires a Suspicious Activity Report to be forwarded to the National Criminal Intelligence Service.