

Handling Cash

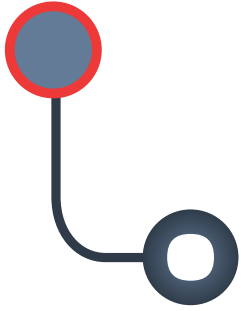


Introduction

Interestingly, the word 'cash' is derived from 'kaasu', a word used in several South Indian dialects. Interestingly as well, the amount of cash in circulation is at an all-time high across the EU and the USA and that's despite the proliferation of debit and credit cards and a multitude of online payment platforms.

The net result is that cash is going to remain a means of accepting payment for the foreseeable future. We may remove small denominated coins but cash will continue to survive especially for those ageing segments within our economies that do not wish to use other forms of payment. Therefore, how small businesses should handle cash is an important topic.





Why you need to think about procedures for handling cash

Without revenue your business will not survive. Despite the advent of multiple payment methods over the last 20 years, cash sales remain important to many businesses. As a result, this increases the possibility of theft, whether from outside your company or more alarmingly, from a member of staff.

Creating procedures for the monitoring of cash keeps you in control of an important aspect of the business environment. It allows you to keep track of your business revenue in order to monitor performance, as well as protecting your business from the possibility of theft.

By creating a set of procedures for cash handling, you remove uncertainty from the process. Your system is the system that will be in place and which will be adhered to by all staff members.



A decorative graphic on the left side of the page. It features a vertical blue line that starts with a red circle at the top. The line curves to the right, passing through a white circle with a blue border, and then curves back to the left, ending at another white circle with a blue border.

Who should be involved?

This will depend on the nature of your business, but it is wise to include anyone with accounting responsibilities. It is important to empower staff to take ownership of the procedures you have created. This is best done by involving staff at all levels who have dealings with cash, from those handling tills on the shop floor to the Chief Financial Officer.

A decorative graphic on the left side of the page. It features a vertical blue line that starts with a red circle at the top. The line curves to the right, passing through a white circle with a blue border, and then curves back to the left, ending at another white circle with a blue border.

Minimising the use of cash

If your business is internet based, then the role of cash will be minimal. However, if you operate a retail store whereby people pay with cash, then it becomes more difficult to minimise its use unless you make it attractive to use alternative payment methods. Credit cards continue to be important and the use of contactless technology for payment is also increasing, but the latter's share of the market remains small. At the very least, you will probably operate petty cash for the payment of day-to-day expenses within the business, so it is highly unlikely that using cash will be eliminated completely.



Cash Handling on Your Premises

Here are eight suggested procedures as a base for establishing your own system and guidelines which can be tailored to match the specific requirements of your business.



Receipts

These should be generated at the time of the transaction when payment changes hands. Receipts protect both the customer and the company – who each receive a copy – by detailing the products or services purchased, the date and time of the payment, the sum paid, the type of payment, who the payment is from, a receipt identifier number and any other relevant information. Some companies also choose to list other details on sales receipts, like the name of the person who conducted the transaction or marketing messages in the form of a voucher printed on the reverse.



Authorised Staff

It is prudent to limit the processing of cash transactions to a small number of people. For large lodgements and withdrawals, it is best to have two people witness the process, so there can be no ambiguity or conflict if queries arise at a later date.



Security

Cash and floats should be held in a safe place, ideally in a till or locked cash box. However, never permit large sums of cash to build up in a till, and regularly remove high-value notes and store in a separate secure location. When emptying cash registers, never do so in front of customers and if possible, vary the times this process is conducted. An irregular routine will reduce the likelihood of robbery.



Some important tips regarding cash security:

Cash should never be left unattended and your staff should never turn their back on an open till.

When collecting cash from tills, it is best to utilise two people: one to collect while the other acts as a lookout. The cash should then be transferred into a strong box.

Keep your safe locked at all times and frequently update the combination; never keep keys to the safe in the same building where it is located. If your safe is accessed through a pin code, update that regularly too.

Use signage to encourage customers to use non-cash methods to pay, indicating that you only maintain a small level of cash for cash sales.

Cash counting: never perform this function in view of your customers, or employees who are not involved in the process. Ensure that the room where you count cash cannot be easily accessed from public areas and that it can be locked from the inside.

Never use your cash as an advance on salaries, reimbursing expenses or travel allowances; you should operate a separate petty cash system for the payment of day-to-day items required in the company.

If your business dictates that you keep a large sum of cash on the premises (for example, you might own a pub or café that expects high turnover in the evening when banks are closed, or through the course of the weekend), keep it in a safe. But where possible, complete your banking without delay.





Till Reports

Every cash register should be emptied daily, with till receipts balanced against cash received. Where there are discrepancies, make a note of them and clear them up at the earliest possible opportunity. The designated supervisor should confirm that daily banking is consistent with till reports.

Remember too that most cash tills generate two reports, indicating how much money has been taken. An 'X read' can be performed at any time during the day, and as often as you wish. It allows you to monitor takings without resetting to zero. This is useful if you have multiple employees operating a specific till, as you can create a separate record of takings for each employee. It can help you evaluate staff performance as well as highlight any issues before the end of the day. The 'Z read' is only for the end of the day. Remember that if a 'Z read' is run part way through the day, all totals will be reset to zero.



Petty Cash

The majority of companies maintain petty cash, or 'float', on the premises. It is used to cover small expenses like stamps, milk and office supplies. Never be tempted to use cash from the till for this, as it will only create problems when matching cash against till receipts. And it can also be used to mask petty theft.

Don't maintain a large amount in petty cash. Create a system: make regular bank withdrawals specifically for the purpose of petty cash and designate someone to be responsible for this. Always issue vouchers for the amount of petty cash handed out; have them signed by the person requiring the money and authorised by the person responsible. Ensure that receipts are supplied for any purchases made from petty cash. This will help you balance the float.



Cash Handling at Events

If you are conducting sales at an off-site event, for example a festival, then it is very important to transfer your cash procedures to that situation. Don't leave employees to build up large amounts of cash putting them at risk. Appoint collectors to regularly collect money from sellers and store it in a designated safe place. A careful record needs to be kept of all sums collected from sellers and all money stored in the safe place – these should be signed by sellers and collectors. At the end of the event all money can then be counted and checked against the records.



Counterfeit Money

Although only a fraction of the notes in circulation within the EU, it is still something to be wary of. If you become the victim of someone paying with counterfeit notes, remember that the bank will not offer compensation. Look out for the following to minimise the risk:



Feel

Paper: Euro banknotes are crisp and firm, as opposed to soft or waxy, because they're printed on pure cotton paper.

Raised print: Embossed printing gives the feeling of 'raised' print for the lettering, numerals and main image; run your finger over the note and you can feel the undulation. In larger denomination notes (200€ and 500€) tactile marks for the visually impaired are also included on the bottom edge.



Look

Watermarks: Every Euro banknote contains a watermark that is visible against light, and will show a picture that includes the note's value.

Security thread: A stripe runs from the top to the bottom of each note. Against light, it will appear dark and the word 'EURO' can be identified in tiny letters.

Perforations: in the hologram perforations in the shape of the '€' symbol are visible against a background of light with small numbers to indicate the value.

Tilt

Holograms and colour-changing numbers: Notes up to the value of 20€ have a hologram foil stripe on the front. All denominations above 20€ have a hologram patch on the front, but for added security, they have a colour-changing number on the back.

When tilting a low-value note, the Euro symbol and the note's value appear along with a glossy stripe on the back. Under a bright light, the stripe will shine and change colour.

On the other hand, when you tilt a high-value Euro note, you will see the architectural motif as well as the note's value. Against a bright background, the value numerals change colour from purple to brown or olive green.





Additional security features

Microprinting: if you check ΕΥΡΩ (Euro in Greek characters) located on the front of the note, you will see tiny writing within. The microprinting is sharp. A magnifying glass is necessary.

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.



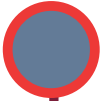


Cash in Transit

As part of your cash procedures, you should have very strict guidelines for you and your staff:

- Keep cash to a minimum by banking regularly.
- When transporting large sums of cash, make sure staff are well trained and are aware of the precautions to take; plus ensure they are versed in what to do during an emergency situation.
- Don't follow the same routine but choose a different route and time of day to visit the bank. Don't wear anything which makes you stand out or identifies you with the company.
- Unless the bank is located within a few metres of your business, use a car or reputable taxi firm to complete the journey. Only go by foot if absolutely necessary and not when there will be few people around. It may be safe to consider travelling by bicycle, thus keeping a low profile.
- Communication – telephone the bank in advance of your arrival and inform another member of staff when you are due to return.
- If you do not have a security bag available, use a discreet bag to transport your cash.
- Worst-case scenario, don't be a hero if confronted by a robber; the money is probably insured. It is not worth suffering injury or death trying to prevent a robbery.





If using a security firm to transport cash, it is best to consider the following:

- Choose only a reputable firm and work with them to complete a risk assessment. Consult the Irish Security Industry Association (www.isia.ie) or their British counterparts: www.bsia.co.uk for further advice and guidance.
- To avoid familiarity, vary collection times and route to the bank.
- Insist on security staff identifying themselves. At the very least, they should possess photo I.D. cards. Also insist that you know in advance the named personnel responsible for a particular week or month.
- Prime all staff to quietly inform the police and security company as soon as possible if something doesn't add up or the security guard seems to be acting suspiciously or under duress.



Handling Cash Checklist



Procedures:

Have you established a set of rules and procedures for handling cash? Do all your staff understand the process?



Not Using Cash:

Consider other payment methods to minimise the use of cash.



Receipts:

When providing receipts, do they have include all the relevant information?



Security:

What policies have you instigated for handling cash securely on your premises?



Till Reports:

Can you identify discrepancies between till reports and cash takings?



Petty Cash Rules:

Similar to 'procedures', have you established a set of rules for handling petty cash?



Events:

How do you handle cash while outside the office environment when attending exhibitions and events?



Counterfeit:

Do you and your staff know how to identify counterfeit money?



Cash in Transit:

What system have you established for transporting cash?





WHO WE ARE



Big Red Book is the largest and longest established Irish company that supplies accounting software to the small business market.

Big Red Book is designed for ease of use so you can spend more time running your business rather than worrying about the accounts.

We understand that doing accounts can be a challenge so we provide free training. We also have an expert customer service team ready to take your call and help you with any support issues.

In addition to Big Red Book accounts software, we also supply an easy to use payroll solution – Big Red Book Payroll. For those companies that want to use a cloud based accounts solution, we offer Big Red Cloud.



With over 20 years' experience providing accounting software and support to over 39,000 Irish businesses, we invite you to join our business community.

European HQ


Rathdown Hall

Upper Glenageary Road

Glenageary

County Dublin

Ireland

 +353 (0) 1 204 8300

 info@bigredbook.com

 www.BigRedBook.com

