

# Cash Handling.

1. This guidance note is issued in accordance with the requirements of the Council's Financial Regulations. It is intended to provide guidance to all members of staff involved in the cash handling process so that officers are fully aware of their responsibilities. Further specific guidance has been developed and is attached to this document as follows:-
  - Counterfeit Bank Notes
  - Collection of Cash by Security Companies for Banking
2. The significance of and adherence to proper cash handling procedures cannot be emphasised too highly. Not only does adherence to good practices reduce the risk to the Council of monies going missing, adherence to these procedures also provides protection for individual officers against possible allegations of financial irregularities or suspicions of theft, should monies go missing.
3. One of the key principles underpinning sound financial control, insofar as cash handling is concerned, is that proper accountability should be maintained at all times for officers involved in the cash handling process. Ideally it should be possible, at any particular stage of the process, to establish which officers are responsible for accounting for monies under their control. Conversely, in the event that monies are found to be missing it should be possible to hold particular officers responsible for failing to account for the monies under their control.
4. Cash handling may take various forms. Generally it will involve the collection, receipting, reconciliation and banking of income but may also involve other areas of financial activity eg. the use of floats, operation of imprest accounts, control of unofficial funds etc.
5. In view of the diversity of income systems operating in departments it is difficult to provide specific guidance covering all the various aspects of these systems. These guidance notes are therefore essentially concerned with general principles and standards of good practice that should underlie cash handling procedures - most of which are common sense measures which most people would follow if they were dealing with their own finances.
6. It is important that detailed written instructions relating to cash handling duties are developed so that staff have a clear understanding of their responsibilities. These instructions should pay due regard to the importance of the key principle of accountability. It needs to be made plain to officers that they are accountable for monies under their control and that they are responsible for ensuring that monies are held securely at all times. No other officers should have access to these monies - not even for brief periods. If officers need to leave their work station they must lock monies away securely. Cash should never be left unattended, for however short a period of time.

7. Should monies be physically transferred between officers, the cash handed over should be checked at the time of the transfer and a discharge signature obtained from the receiving officer. During the hand over period, the monies should be checked and agreed in the presence of both officers.

8. Officers should be required to account separately for income for which they are responsible. At the end of each shift, or the conclusion of the day, officers must reconcile cash to the income collected. Cheques, postal orders etc. should be listed and cash analysed over the respective denominations of bank notes and coins. These details must be recorded. Another Officer (where possible a supervising officer) should then verify that the total amount of monies collected agree with the income records. Any shortages or excesses of income should be investigated by supervising officers with explanations fully recorded.

9. The methods of accounting for income will vary depending on the system in operation eg. computerised cash receipting systems, cash registers, tickets or manual receipts. It has already been emphasised that officers should be personally responsible for accounting separately for the monies which they collect. It should also be possible to trace individual transactions to particular officers (ie. there should be an audit trail). Therefore, when computerised cash receipting systems are in operation officers must use their own personal "user identities" when receipting income so that they can be identified as the receipting officer. Under no circumstances should officers access computerised receipting systems using the "user identities" of other officers.

10. Arrangements will vary between establishments for the banking of income collected. Some establishments will bank more frequently than others and additionally some may use the services of security companies. Whatever practices are followed it is important that adequate procedures are in place to safeguard monies held on the premises pending either collection by security companies or banking by officers:

a. Should monies be transferred to another officer with responsibility for collecting and preparing income for banking the procedures relating to cash transfers outlined in paragraph 7 must be followed. b. Where a security company is used to undertaking bankings the procedures to be followed are outlined below. c. Should the officer responsible for collecting income also be responsible for undertaking bankings, he/she should complete a bank paying-in-slip and place both the monies and the paying-in-slip in a sealed bag.

11. At establishments where there are safes, other monies such as floats, imprests etc., should be kept in the safe when not in use. Additionally it may also be worthwhile considering keeping certain monies, such as imprests, in a separate cash boxes within safes. Keeping monies in separate cash boxes can enhance security as access to the contents can be restricted to the key holders of the cash boxes.

12. Security is greatly enhanced when monies are kept in a safe and the practice of keeping cash in drawers, desks, filing cabinets etc. should be actively discouraged. When consideration is given to the fact that any losses will have to be funded from revenue, the provision of a safe may be seen as a cost effective measure for providing increased security.

13. For security to be effective, proper control of keys to safes, cash boxes, etc. needs to be exercised at all times. Wherever possible specified officers should be made personally responsible for individual keys. Keys should be retained on the person of the officers and a register should be kept of all officers holding keys along with details of transfers of keys between officers.

14. Access to safes must always be restricted to officers responsible for safe keys 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.

15. Good practice dictates that the number of keys and officers having access to safes etc. and their contents should be kept to a minimum. The number of available safe keys, however, needs to reflect operational requirements. Ideally there should only be two safe keys, but depending upon circumstances, such as pre agreed absence, the need for emergency cover etc. it may prove necessary to have more than two safe keys. There should be sufficient keys available to ensure that all officers with valid reasons for requiring access to a safe etc. have their own keys so that it is not necessary to constantly keep transferring safe keys between officers.

16. Under no circumstances should safe keys be left in drawers, cabinets etc. Officers are reminded that Financial Regulations require that safe keys are kept on the person of the responsible officer. Furthermore leaving safe keys on premises over-night invalidates the Council's insurance arrangements and therefore any failure to comply with the requirements of Financial Regulations may lead to disciplinary action being taken against individual officers concerned.

17. Should any safe keys be lost, the matter must be reported to the senior officer at the establishment 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. This precaution is necessary so as to act as a safeguard against lost keys falling in to the "wrong hands" and thus risking providing potential criminals with the opportunity for theft.

18. There are specific limits with respect to safes made by a recognised manufacturer, the insurance section can provide specific information with respect to limits but the following can be used as a guide:-

a The basic minimum limit applied to a free-standing safe of a recognised manufacturer is £1,000.

b A limit of £250 applies to a safe that is not from a recognised manufacturer.

c Safe limits above £1,000 are only applicable to premises which are of 'solid' structure and are not in isolated situations.

d A limit of £100 applies to locked receptacles, e.g. cash boxes.

19. In addition, it is important that supervising officers are aware of the limits for sums insured against loss, especially where the amount is specified in relation to particular safes or strong rooms, and that they arrange for bankings to be undertaken on a regular and frequent enough basis to ensure that those limits are not exceeded.

20. The following are suggested practices for the carrying of cash in public areas, these should be used in conjunction with other methods such as varying the routes taken and altering the times for delivery and collection. -

a. £1,000 Two people should be present. b. £1,000 - £2,500 Two people carrying plus mobile phone. c. £2,500 - £5,000 Two people carrying with a dye discharge case or three people carrying plus mobile phone. d. £5,000 - £7,500 Three people carrying with dye discharge cases plus mobile phone and alarm. e. £7,500 - £10,000 Three people carrying with dye discharge cases and a transalarm and mobile phone. f. £10,000 + Security Company or specialist vehicle to be used.

21. The Policy does not cover:-

g. any loss, destruction or damage arising from a safe or strong room being opened by the use of a key or combination code through the key or combination code having been left on the premises whilst closed for business purposes. h. any loss, destruction or damage resulting from any vehicle being left unattended whilst being used for carrying money.

22. Specific queries regarding insurance matters should be addressed to the Governance and Risk Section.

23. In the event of any loss being discovered, the circumstances must be reported to the Internal Audit Section.

24. Monies must not, under any circumstances, be taken from income sources by way of an unofficial / unauthorised loan by employees (or other persons) for personal (or any other) use. Undertaking such an unofficial loan shall be considered to be theft at the point of removal irrespective of the intent of the loaning person and will be deemed to be an action that will be investigated under the disciplinary process of RMBC.

Counterfeit Bank Notes

25. There may be a number of forged bank notes in general circulation at any one time and, in the same way as the commercial sector, the Council can incur losses through the acceptance of counterfeit bank notes. Counterfeit notes in circulation tend to be mainly £10 and £20 notes but staff should be aware that other denominations may also be found. This guidance note is intended to bring to the attention of staff with cash handling responsibilities some practical guidance in the detection of counterfeit bank notes, and the action to take if such notes are tendered or accepted as payment.

26. A number of simple checks can be carried out by officers when bank notes are tendered for payment and these are detailed in the leaflet issued by the Bank of England entitled "Know your Bank Notes." Officers should make themselves familiar with contents of this leaflet and should exercise vigilance in the acceptance of bank notes presented in the course of their duties. All notes should be examined on presentation and only accepted by receipting officers when they are satisfied that the tendered notes are genuine bank notes.

27. In the event of a counterfeit bank note being detected when it is being 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. However, it is recognised that in certain circumstances the retention of counterfeit bank notes may cause some difficulties in dealing with customers and therefore officers may exercise discretion as to whether or not they insist on retaining any tendered counterfeit notes. In circumstances where counterfeit notes are passed back to customers it is not necessary to report these incidents to the police.

28. 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 Council having to bear the loss.

29. Should counterfeit bank notes be found to have been accepted then the following action must be taken:

- The officer concerned must report the incident to a senior line manager.
- The counterfeit bank notes must not be banked or passed to a third party as this is a criminal offence. They must be handed over to the police. The senior officer should report the matter to the police, hand over the counterfeit note to them and obtain a receipt.
- Income returns should clearly record the details with the value of the counterfeit notes being shown as an underbanking.
- The Internal Audit Section should be notified of the circumstances of the incident as soon as possible.

30. When incidents are reported to the police it is important that as much information as possible can be provided to help the police with their enquiries. A description of the person concerned, including any distinguishing features, should be noted as soon as possible, and any other relevant information such as the personal details of the payee's account, i.e. name and address (where this information is available). If counterfeit notes are not detected until some time after the transactions have taken place then it will be necessary for the officer concerned to check back through the records to see if it is possible to establish which account the payment was made in respect of.

31. There are a number of aids currently available to assist in the detection of counterfeit bank notes but the two most commonly used aids are ultra violet detector lights and detector pens.

32. The detector pen is used at till points throughout the commercial sector, and provides a cheap and effective means of safeguarding against counterfeit bank notes. All that is needed to verify the authenticity of a bank note is for the note to be marked on either face by the pen. If it is a forgery then a dark mark will appear. If it is genuine no visible change will occur.

33. 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. The ultra violet detector lights, although more expensive than detector pens, do not wear out, and may therefore be more cost effective for use at major cashiering points.

### **Collection of Cash by Security Companies for Banking**

34. Although procedures for recording and reconciling income to takings will vary between establishments, it is important that, once these procedures have been completed and bank paying-in-slips prepared, the following measures are undertaken.

35. There should be two officers present when income is prepared for banking.

36. The cheques and cash corresponding to the amounts entered on the paying-in-slip should be placed in one of the security company's appropriate cash collection bags and the bag sealed. If the make up of the cash to be banked requires that a separate sealed bag is used for the coin, then a separate paying in slip should be completed for the coin. The seal numbers of all bags used should be recorded against the amount of money banked on the Summary of Receipts to Bankings (or other similar record) straight away. The security company collection note should then be prepared and the seal numbers also recorded on this form. The sealed bag(s) must then be kept securely pending collection by the security company.

37. Head Teachers are reminded that they are responsible for the care, custody and recording of assets under their control and for ensuring that adequate measures are in operation to provide effective security over all assets. This responsibility includes all income received and awaiting collection by the security company for transmission to the school's or Council's bankers.

38. Monies awaiting collection should be kept securely locked away. It should be noted that Financial Regulations require Head teachers / School Leaders to ensure that adequate security is maintained over all keys to safes or other places where valuable assets are kept, and that wherever possible responsibility for individual keys should be given to specified officers who should retain such keys on their person.

39. If for any reason, should it prove necessary to reopen a sealed collection bag, this may only be done by the officer responsible for reconciling the income and placing the monies in the bag ready for collection. Under no circumstances is it permissible for any other officer to open a sealed collection bag. The removed banking must then be placed by the responsible officer in a new collection bag and the bag sealed. The new seal number and the signature of the officer must be entered on the Summary of Receipts to Bankings and the collection slip amended with details of the new seal number.

40. Under no circumstances should sealed security bags which remain uncollected be placed inside other collection bags.

41. On each occasion that the security company guard arrives to make a collection, the responsible officer must check the identity of the guard. It should be borne in mind, that whilst the guard may be recognised and may have been making collections on a regular basis, it is possible that he or she may no longer work for the security company.

42. If there is any doubt that the guard is not bona fide, the officer in charge of the premises should inspect the guard's identity pass and compare the details against the establishment's copy of the security company's authorised signature list. If the officer is still uncertain, the offices of the security company should be contacted to obtain verification that the guard is genuine. Under no circumstances should any money be handed to a security guard if there is any doubt about his/her authenticity. Only when officers are satisfied that the guard is genuine should any monies be handed over.

43. Before the bags are collected, the security guard should scan the bar codes on each of the bags to be collected and produce a receipt detailing the seal numbers of the bags, the number of bags collected, the collection location, and the ID number of the guard making the collection. Prior to the handing over any cash the officer responsible for the banking and the security guard must sign the receipt and the collection note.

44. In the event of any failure to make collections by the security company or the company turning up at wrong times, attempts should be made to resolve the problem by contacting the security company directly.