



Cash Handling Principles

The City Auditor recommends the following five cash handling principles for all operations that work with cash or checks:

These principles reduce the opportunity for errors, theft, or cash mishandling.

1. Separation of Duties

Assign different employees to perform different duties, including:

- Receiving cash;
- Comparing cash received to activity records;
- Making bank deposits; and
- Comparing bank deposits to bank statements.

2. Dual Custody

At least two employees must be present when cash is counted or taken into a vault.

3. Fixed Responsibility

Fix responsibility for cash to specific employees throughout the business cycle:

- Limit access to cash to only employees with fixed responsibility over that step of the collection process; and
- Count and sign-off on cash transfers, particularly at the beginning and end of shifts.

4. Physical Security

Always store cash in a secure area, including:

- Never leave cash unattended;
- Each cashier must have locking cash drawers/registers; and
- Never leave an open vault unattended.

5. Comparison of records

Compare records on a daily basis, including:

- Cash receipts with activity records;
- Activity records with bank deposit receipts; and
- Bank deposit receipts with bank statements.

Different employees must be assigned to do each comparison.

NOTE: Cash handling principles do not replace departmental cash procedures.