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Management and Reconciliation of Cash and Stock

1. Purpose

Describe the process for management and reconciliation of Cash and Stock.

In order for the Gulgong Chamber of commerce to conduct activities it is necessary to collect payment for services or goods supplied, pay for goods other than on account and hold stock other than in a central repository. This SOP will guide the process of accounting for and reconciling cash and stock in order to maintain control in accordance with the Chamber's Business Rules and best accounting practices.

2. Scope

This SOP is to be administered by the Chamber's Treasurer and is applicable to any Chamber member, employee, contractor who is authorised by the Chamber Treasurer on behalf of the Executive Committee to conduct cash and financial transactions on behalf of the Chamber and/ or hold and sell stock, being the Chamber's property. This SOP equally applies to a delegate of an authorised Chamber member, employee or contractor charged by the authorised person to conduct banking or other authorised business as a coopted member of a committee or working group. The responsibility of the authority cannot be delegated. The only exemption to this SOP is when transactions are conducted by the Chamber Treasurer who enters financial and stock transactions directly into the authorised records in accordance with the Chamber's Constitution and Business Rules. This SOP does not include the management of payments, expenditure that are not cash based. Cash payments for the scope of this SOP includes cheques but not EFT, EFTPOS or requirement for the Chamber Treasurer to issue an invoice.

3. Prerequisites

Prior to being authorised under this SOP, and individual or chairman of a Committee or working group is to have a working knowledge of this SOP and be issued with a work pack.


4. Responsibilities

The Chamber treasurer is responsible for the management of this SOP. Those listed in the scope are responsible to the Chamber Treasurer for the safe custody of cash and stock, being the property of the Gulgong Chamber of Commerce Inc and management and reconciliation process outlined in this SOP.

5. Procedure

Account reconciliation is an underappreciated yet critical control to help ensure an organisation's financial integrity. Weaknesses and inefficiencies in the reconciliation process often lead to mistakes on the balance sheet and overall inaccuracies in the financial close¹

¹ <https://www.accountingweb.com/technology/accounting-software/best-practices-for-account-reconciliation>

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5.1 Cash Management and Reconciliation

The procedure for cash management and reconciliation is contained in Annex A to this SOP. Appendix 1 to Annex A shows the banking procedure.

5.2 Stock Management and Reconciliation


The procedure for stock management and reconciliation is contained in Annex B to this SOP.

6. References

- (a) <https://www.accountingweb.com/technology/accounting-software/best-practices-for-account-reconciliation>
- (b) MYOB handbook
- (c) Gulgong Chamber of Commerce Business Rules

7. Definitions

- (a) Cash: physical and legal Australian currency and negotiable instruments such as cheques.
- (b) Custodian is the person appointed by the Chairman of a committee or work group to manage the finances of that committee or workgroup. The Chairman retains accountability under this SOP.
- (c) "Quickcash"^(c): A deposit system developed by the Commonwealth Bank Australia for business deposits. See Appendix 1 to Annex A of this SOP.
- (d) Reconciliation: An audit tool to verify that cash on hand plus cash received less cash expended is equal to the total cash that is deposited (banked). And like wise with stock it is the assurance that the starting stock less the stock sold is equal to the stock on hand (remaining stock). The financial transactions in cash for selling stock are reconciled as a cash reconciliation.
- (e) Running Balance: is the actual balance of cash held by the custodian at any point in time. Running balance = Starting balance plus (+) received cash, minus (-) expenditure, minus (-) banking deposits.
- (f) Secured means that the custodian has a method of holding the cash which limits the opportunity for it to be stolen, lost or illegally used. Such methods may include but not be limited to:
 - i. Holding in a "bum bag" that has a slash resistant construction;
 - ii. Holding in a cash tin or similar which cannot be easily removed from where it is stored or is retained in the custodian's possession; or
 - iii, Holding in a secure hand-held slash resistant bag with a shoulder strap such as a backpack or handbag; and
 - iv. When not required, the cash is held in a locked vandal- resistant receptacle; the location of which is only known to the Custodian.

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Cash Management and Reconciliation

1. Cash Management

- 1.1 Management of physical cash is a high-risk area of the Chamber's business. Custodians managing cash on behalf of the Chamber are to ensure that it is secured to minimise the risk of theft or misappropriation and cash in excess of the approved float is banked as soon as practical.
- 1.2 A Chamber Receipt is to be issued for all cash receipts. The receipt is to contain the date, amount received, from whom and for what reason. It is to be signed by the person receiving the cash. A book - fast copy is to be retained for reconciliation.
- 1.3 Where a purchase is required under this SOP or the Duty Statement of a Committee, a taxation sales docket is to be requested and attached to the Reconciliation Report. An itemised till docket showing GST shall suffice.
- 1.4 Cash received from any activity covered by this SOP, SOP 005, is to be banked using the Commonwealth Bank "Quickcash" System. The Quickcash System is shown in Appendix 1 to this Annex. The Chamber Treasurer shall not accept cash as a result of any activity covered by this SOP.
- 1.5 Where an activity is regularly occurring or ongoing, the approved individual or authorised custodian may retain the float in a secure way between events.
- 1.6 Not less than once annually, cash on hand (retained cash in accordance with paragraph 1.3) is to be reconciled as a part of the audit process.


2. Cash Reconciliation

- 2.1 Cash receipts, expenditure (purchases) and banking is to be shown on the Chamber's Cash Reconciliation Record, F - 014 - CRR.
- 2.2 The information is to be entered in the order in which the transactions occurred either manually (by hand) or electronically (directly onto the computer or pad).
- 2.3 If entered electronically, the form will add and subtract transactions to give a total.
- 2.4 Cash and cheques are to be banked and the Cash Reconciliation Record is to show a zero balance when handed to the Chamber Treasurer unless the activity is subject to paragraph 1.5 above.
- 2.5 Reconciliation Records are to be submitted to the Treasurer after the completion of an activity or by the last day of each calendar month, whichever is sooner.
- 2.6 The completed Reconciliation record is to show a zero balance or float only balance in accordance with Paragraph 2.4 unless the activity is continuing over the last day of the month and the first day of the next month in which case, a "running balance" is to be shown and the form reconciled in accordance with Paragraphs 2.4 and 2.5 at the completion of the activity.
- 2.7 Examples of the Chamber's Cash Reconciliation Record are shown in Appendices 2 and 3 of this Annex.

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Appendix:

1. Quickcash System
2. Example of a completed Cash Reconciliation Record
3. Cash Reconciliation Record F - 0014 - CRR

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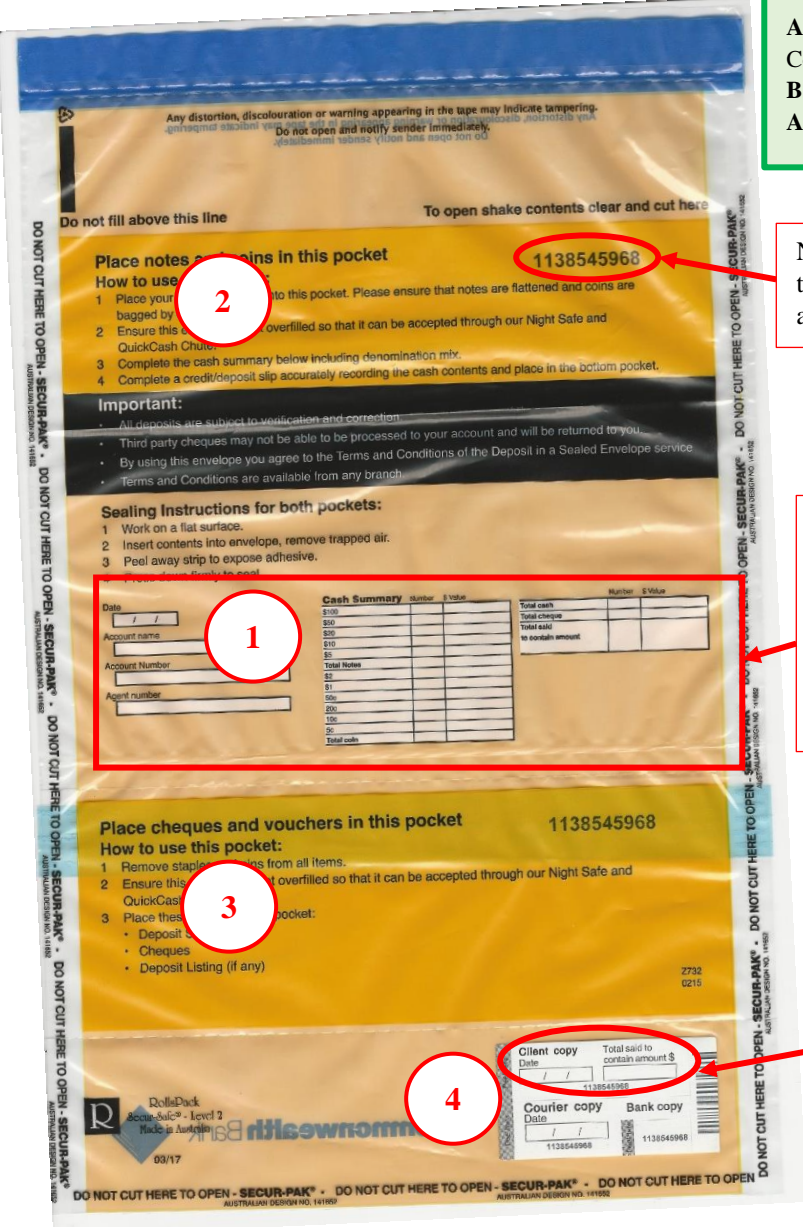
APPENDIX 1

Quick Cash Banking System

1. Complete the Quickcash tamper resistant envelope and Chamber deposit slip.
2. Complete the steps listed below.
3. Affix the Client copy of the tracking docket and the butt of the deposit slip to the Form F - 0014 - CRR.

Account Details

Account Name: Gulgong Chamber of Commerce Inc Gossip Account
BSB: 062549
Account: 10029259



1 (Red circle around the number 1138545968 on the envelope)

2 (Red circle around the number 1138545968 on the envelope)


3 (Red circle around the 'Place cheques and vouchers in this pocket' section)

4 (Red circle around the 'Client copy' section of the tracking docket)

Note this number on the F - 014 - CRR against banking

Complete this section using first to ensure that the cash in the pocket does not interfere with the writing and to check it

Attach this part of the sticker on the F - 014 - CRR

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Stock Management and Reconciliation

1. Stock Management

1.1 Stock management requires the receipt, custody (safe keeping) and issue (sale, distribution or return) of individual items owned by the Chamber and for the use of the Chamber to generate an income or for presentation (gifts).

1.2 Like Cash, the mismanagement of stock leads to fraud and theft which brings discredit to the Chamber as well as a financial loss. This Annex describes the method of management of the Chamber's stock items.

1.3 Stock may be issued on invoice or sold for cash. Stock which is not for sale (i.e. gifts and awards), is to be controlled by the Chamber Secretary or delegate, unless otherwise required. Stock issued on invoice remains the property of the Chamber until such times as it is paid for. Cash received must be managed in accordance with Annex A. This includes the issue of a receipt for all cash transactions.

1.4 For Chamber activities such as markets, stock may be consigned (issued to the activity chairman or delegate). In the case of consignment, stock must be shown as being issued out of the stock and sale price. Payment and invoice details are not required. On return of stock, the number of items returned is credited in and cost per item entered. In the invoice section, the quantity not returned (sold), and account/ activity is to be entered. This will enable stock to be adjusted in the Treasurer's stock records in MYOB.

1.5 Where an invoice is to be issued, the Chamber Treasurer must be advised at least 2nd weekly or when the Form F - 015 - SRR is filled, whichever happens first. This is to occur by sending a copy of the Stock Reconciliation Report to treasurer@gulgong.com.au. Where there has been no stock movement, there is no need to submit a report except after the annual inventory check (see paragraph 1.6 below)


1.6 An annual stock inventory check must be undertaken by the stock holder and an independent person. A report showing the current stock together extra or deficit items is to be presented to the Treasurer for the Annual Audit.

1.7 During the year, extras and deficiencies are to be reported to the Chamber Treasurer as soon as identified. The Treasurer is to reconcile the report to the Chamber's records of account and where there is evidence of theft, it is to be reported to the Chamber President and Police. Further management is to occur in accordance with the requirements of SOP 002, Risk Management and Fraud Control.

2. Stock Reconciliation

2.1 All stock movements are to be shown on the Chamber's Stock Reconciliation Record, F - 015 - SRR.

2.2 The information is to be entered in the order in which the transactions occurred either manually (by hand) or electronically (directly onto the computer or pad).

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- 2.3 If entered electronically, the form will add and subtract transactions to give a total.
- 2.4 Cash and cheques are to be managed in accordance with Annex A of this SOP.
- 2.5 Reconciliation Records are to be submitted to the Treasurer after the completion of an activity or in accordance with paragraph 1.4 above, whichever is sooner.
- 2.6 The completed Reconciliation record is to show stock on hand.
- 2.7 Examples of the Chamber's Stock Reconciliation Record are shown in Appendices 1 and 2 of this Annex.

Appendix:

1. Example of a completed Stock Reconciliation Record
2. Stock Reconciliation Record F - 0015 - SRR

APPENDIX 1

