

SOP: Cash Handling and Transaction Reconciliation

This SOP outlines **cash handling and transaction reconciliation** procedures, covering the secure management of cash receipts, accurate recording of transactions, verification of daily cash balances, and systematic reconciliation processes. The goal is to ensure financial accuracy, prevent discrepancies, minimize risks of theft or fraud, and maintain accountability through consistent documentation and audit-ready records.

1. Scope

This SOP applies to all staff responsible for handling cash and processing financial transactions within the organization.

2. Responsibilities

Role	Responsibility
Cashier/Frontline Staff	Accepting and recording cash receipts, issuing receipts, reporting discrepancies.
Supervisor/Manager	Verifying daily cash balances, approving reconciliations, conducting spot checks.
Finance/Accounts Staff	Reconciling cash records with system entries, maintaining documentation, preparing reports.

3. Procedures

3.1 Cash Receipt Handling

1. All cash received must be counted in the presence of the payee.
2. Issue an official, pre-numbered receipt for each transaction.
3. Record the transaction in the cash register or point-of-sale system.
4. Secure cash in an approved cash drawer or safe immediately after acceptance.

3.2 End-of-Day Cash Balancing

1. At shift end, count total cash and compare with system records (sales report or cash log).
2. Document total received, total deposited, and any discrepancies using the Cash Count Sheet.
3. Both the cashier and supervisor must sign off on the documented cash count.
4. Transfer cash to the designated deposit point or safe following company protocols.

3.3 Transaction Recording

1. Enter each cash transaction promptly into the accounting system or cash log.
2. Include relevant details: date, amount, payer/payee, receipt number, and purpose.

3.4 Reconciliation Process

1. Finance/Accounts staff reconcile daily cash records against banking and accounting system entries.
2. Investigate and document any discrepancies; escalate unresolved variances to management.
3. File all reconciliation documentation for audit trail purposes.

4. Security Measures

- Limit access to cash drawers and safes to authorized personnel only.
- Perform surprise cash counts periodically.
- Maintain surveillance or physical controls in high-risk areas.

5. Documentation and Records

- Maintain all receipts, cash count sheets, reconciliation reports, and discrepancy logs for the minimum period required by policy or regulation.
- Ensure all records are stored securely and are easily retrievable for audit or review.

6. Review and Audit

- Review cash handling and reconciliation procedures annually.
- Conduct periodic internal or external audits to ensure compliance and identify improvement opportunities.

7. References

- Company Cash Handling Policy
- Accounting Standards and Procedures Manual
- Internal Audit Guidelines

8. Revision History

Date	Version	Description	Author/Editor
2024-06-15	1.0	Initial SOP template created	SOP Team