

SOP Template: Cash Float Management and Reconciliation

Purpose

This SOP details the procedures for **cash float management and reconciliation**, including the issuance and replenishment of cash floats, daily cash handling practices, accurate recording of transactions, regular cash counts, discrepancy investigation, and end-of-day reconciliation processes. The objective is to maintain accurate financial records, prevent cash mismanagement, and ensure accountability and transparency in all cash handling activities.

Scope

This procedure applies to all staff responsible for handling cash floats within the organization.

Definitions

Term	Definition
Cash Float	Pre-determined amount of cash issued to authorized personnel to facilitate daily transactions.
Reconciliation	The process of verifying that the actual cash in the float matches the recorded amounts and receipts.
Discrepancy	Any difference between the expected and actual cash balances.

Responsibilities

- **Custodian:** Responsible for managing the cash float, recording transactions, securing cash, and conducting daily reconciliations.
- **Supervisor/Manager:** Oversees float issuance, reviews reconciliations, investigates discrepancies, and approves replenishments.
- **Finance Department:** Maintains overall records, assesses float levels, and conducts periodic audits.

Procedure

1. **Issuance of Cash Float**
 - Cash float is issued to a designated custodian against a signed acknowledgement.
 - Record the float issuance amount, date, and custodian details in the Cash Float Register.
2. **Daily Cash Handling**
 - Cash is used strictly for authorized transactions; all cash in/out must be recorded promptly and accurately.
 - Issue receipts for all cash received and obtain supporting documents for all cash paid out.
 - Store cash securely when not in use.
3. **Transaction Recording**
 - Record each transaction (amount, purpose, date, reference) in the Cash Float Register or system immediately after it occurs.
4. **Cash Float Replenishment**
 - When the float reaches a predefined minimum threshold, request replenishment using the approved procedure.
 - Replenishment requests must be accompanied by complete transaction records and supporting documentation.
5. **Daily Reconciliation**
 - At the end of each business day:
 1. Count the physical cash remaining in the float.
 2. Sum all receipts and payments recorded for the day.
 3. Compare the calculated balance to the actual cash on hand.
 4. Document the reconciliation in the Cash Float Reconciliation Log and sign off.
6. **Discrepancy Investigation**
 - Any discrepancies are to be immediately reported to the supervisor/manager.
 - Investigate to identify the cause and resolve as per organizational policy.
 - Document findings and corrective actions taken.
7. **Audit and Review**

- Supervisors/managers or internal auditors will conduct periodic spot checks and audits.
- Ensure compliance with SOP and recommend improvements as necessary.

Documentation & Records

- Cash Float Register
- Transaction Receipts and Vouchers
- Daily Cash Reconciliation Log
- Discrepancy Investigation Reports
- Float Replenishment Requests and Approvals
- Audit Reports

References

Refer to the organization's financial management policy and internal audit guidelines for additional context.

Note: Non-compliance with this SOP may result in disciplinary action and/or financial liability.