

- CASH CONTROL WITHOUT A CASH REGISTER  
a learning element for staff of consumer cooperatives

international labour office, geneva

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by Urban Strand



**MATCOM**  
**Material and techniques for cooperatives management training**

The MATCOM Project was launched in 1978 by the International Labour Office, with the financial support of Sweden. In its third phase (1984-1986) MATCOM is financed by Denmark, Finland and Norway.

In collaboration with cooperative organizations and training institutes in all regions of the world, MATCOM designs and produces material for the training of managers of cooperatives and assists in the preparation of adapted versions for use in various countries. MATCOM also provides support for improving the methodology of cooperative training and for the training of trainers.

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# **CASH CONTROL WITHOUT A CASH REGISTER**

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MATCOM Element No: 17-02

Edition: Universal  
ISBN: 92-2-102435-0

## PREREQUISITES

To benefit from this MATCOM Learning Element, you should:

- have studied the MATCOM Element "Handling of Cash".

## HOW TO LEARN

- Study the Element carefully.
- Give written answers to all the questions in the Element. This will help you not only to learn, but also to apply the knowledge in your work at a later stage.
- After studying the Element on your own, discuss it with your instructor and your colleagues, then take part in practical exercises organised by your instructor.

## TRAINER'S NOTES

are available for this Element. See the Trainer's Manual.

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Copyright	©	International Labour Organisation, 1980
Original Script:		Urban Strand
Illustrations:		Valeria Morra, Daniela Bertino, ILO Turin Centre

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First published	1980	
Third impression	1990	Printed in Vienna, Austria

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## INTRODUCTION



The committee of Desilu Co-operative Society was having a meeting.

"There ought to be more money here," said the chairman.

The committee members were worried because they suspected that some money was missing from the shop takings. The problem was - how much had disappeared? When? How? They didn't know. The Desilu Co-operative had no system of control over their cash, and so they could not check that the money in the cash box corresponded to the money received for sales.

The committee decided it was time to organise proper cash control. They wanted to ensure that they would be able to check that the amount of money in the cash box was the same as the amount received for sales made. Then they would discover any cash shortages or overs immediately.

Study this MATCOM Element to see how they organised cash control.

Before you start it would be helpful to study the MATCVM Element called "Handling of Cash". That tells you how to charge the customers correctly and how to handle and keep money in a safe way.

note!

This MATCOM Element is suitable for those who do not have cash registers for recording sales.

If there is a cash register in your shop, you should study instead the MATCOM Element "Cash Control - Using a Cash Register."

## RECORDING OF SALES

The staff of the Desilu Shop had very simple instructions. They were told to put the money received for goods in the cash drawer. The manager or the secretary counted the money, and then banked it. Last month T\$32,000\* had been paid into the bank. That was much less than usual.

The main problem was that the committee could not tell if any money was really missing. They knew the amount which had been banked but there was no way of knowing if this was the amount that had been received for sales. They thought that more money had been received, but they didn't know.

"How much should we have had?" asked one committee member.

"Well, if we knew exactly what had been sold, and the prices, we could calculate the amount," replied another.

"We must ask the cashiers to record everything they sell," agreed all the committee members.

The committee bought some receipt books for recording the sales. Each receipt looked like this.

DESILU CO-OP Shop No 1			<b>N 000005</b>	
<u>CASH SALE</u>				
Date..... 19.....				
Particulars		T\$	c	

---

\* We use an imaginary currency here, because this booklet is used in many countries. We call it "Training dollars and cents" (T\$ and c).

Mary, the cashier, was instructed to issue a receipt-ticket for every sale. She fills in each receipt like this:

She writes the date of the sale,



the price of each article,




and the total amount to be paid by the customer. She underlines the total.



DESILU CO-OP			<b>N 000005</b>	
Shop No 1				
<u>CASH SALE</u>				
Date.....			17/12..... 19.86.....	
Particulars	T\$	c		
	3	50		
	2	25		
	7	10		
	<u>12</u>	<u>85</u>		

The receipt is written in duplicate. The ticket is given to the customer and the copy is left in the receipt book. All sales are recorded in the receipt book, and so it becomes the sales journal as well.

Each receipt ticket and copy has a consecutive number, and they are always issued in order.



Why are the tickets numbered?

The committee debated whether the names of the goods should be written on the receipts or not. Some members thought it would be good to know exactly which articles had been sold, but others objected that it would take too long to write and that they would not be able to make use of the information.



Therefore it was decided that Mary should fill in particulars about the goods only if a customer asked her to.

?

What details do you write on the receipts used in your shop? How is this information used?

The receipts are quite small and so when a customer buys a lot of goods there is not enough space to write all the prices and the total on one ticket. In that case Mary adds up the total of the sales on a piece of paper. She then writes only the total on the ticket, like this:

2.25
3.75
2.10
6.35
3.80
2.15
3.65
4.10
<hr/>
28.15

DESILU CO-OP		
Shop No 1		<b>N 000025</b>
<u>CASH SALE</u>		
Date.....19/12..... 19.86..		
Particulars	T\$	c
	28	15

If the receipt books are too expensive

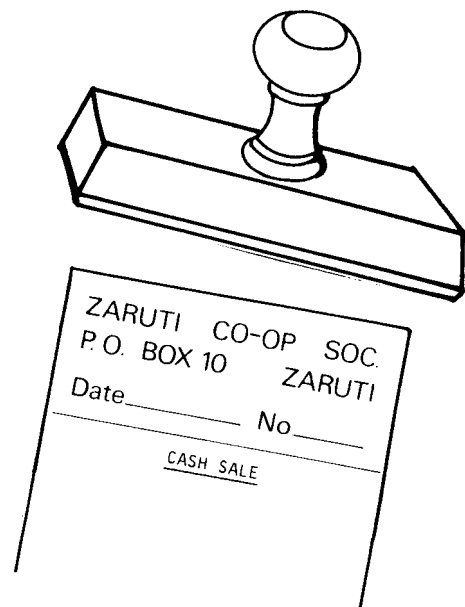
The kind of cash sales tickets the Desilu Co-operative uses may not be available in your area, and they may be expensive to order from a printery. Before you order any, it would be wise to **find out** if your society can afford them.

For example, the secretary of Zaruti Co-operative was astonished when he heard what the local printer asked for a simple receipt book with numbered tickets, all printed with the name of the society.

"They cost too much for us," said the secretary. "Our customers buy small amounts and we don't earn many cents on each sale. If we issued such expensive tickets, we might make a loss."

What should the society do? Here are some suggestions for *cheaper alternatives*:

- ① Instead of having cash sale receipts specially printed for your society, use a generally available type. Then write the name of the society by hand, or even better, use a rubber stamp. The number, too, may be stamped or written by hand, instead of printed.



- ② Record the sales on a Daily Cash Sales List instead of issuing receipts to each customer. On the following page there is an example of such a list.


Zaruti Co-operative Society

Date.....18/12.....19.86

DAILY CASH SALES LIST No.!

T\$	c	Customer	T\$	c	Customer
4	40	H. Brown			
12	-	S. Kabuga			
6	20	P. Pokes			
15	50	S. Simba			
8	60	V. Reed			

The list not only serves as the Sales Journal, but it also becomes a common receipt for all the customers, and so their names, or membership numbers, should be recorded along with the total of their purchases.

 What kind of form is used in your society for recording the sales? What is the cost for one copy?

# CORRECTION OF ERRORS

"That will be T\$17,80, please," said Mary. She had just added up the total of Mrs. Buti's purchases.

"Oh dear, I can't afford that much today," said Mrs. Buti. "I'll have to leave the biscuits."

DESILU CO-OP			<b>N 000105</b>
Shop No 1			
<u>CASH SALE</u>			
Date.....19/12.... 1986...			
Particulars	T\$	c	
	3	80	
	2	55	
	7	35	
	4	10	
	<u>17</u>	<u>80</u>	

Mary has been told that nothing must be changed on a ticket, and so she cannot delete the T\$4.10 for the returned biscuits, she has to cancel the ticket and issue a new correct one.

She calls for the manager, tells him what has happened, and asks him to sign the cancelled ticket.

Both Mary and the manager sign the cancelled ticket. Mary has certified with her signature that she did not receive any money for the receipt. The manager has certified that this was true.

DESILU CO-OP			<b>N 000105</b>
Shop No 1			
<u>CASH SALE</u>			
Date.....19/12.... 1986...			
<i>John Malala manager</i>	Particulars	T\$	c
<i>Cancelled Mary B.</i>		3	80
		2	55
		7	35
		4	10
		<u>17</u>	<u>80</u>

The copy of the ticket is supposed to show how much money the cashier has received. There must not be any doubt about what she is to account for, and therefore it is very important that faulty tickets are cancelled and certified. There should not be any tickets with corrections, changed figures, etc.

If the sales are recorded in a Daily Sales List, the error line should be cancelled and certified.

T\$	c	Customer	T\$	c	Customer
4	40	H. Brown			
12	-	S. Habugau			
<del>15</del>	<del>50</del>	<del>S. Simba</del>			
15	50	S. Simba			
8	60	Reed			

?

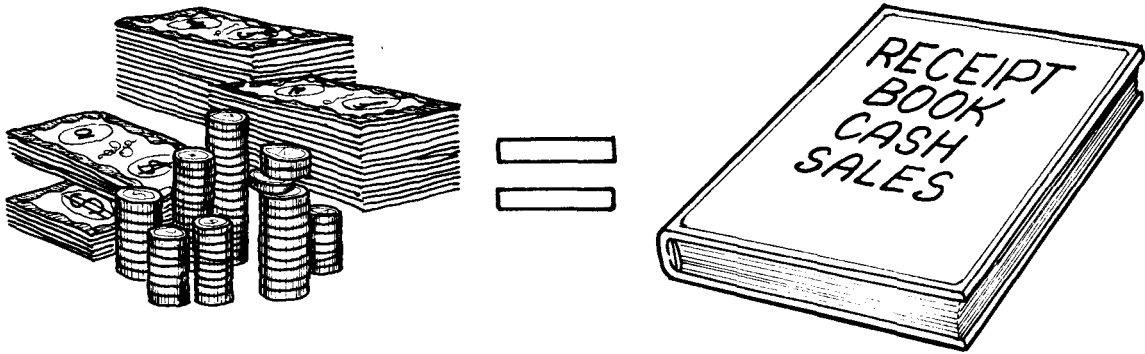
If the manager is not there when an error is discovered, how do you think the cancelled ticket should be verified?

?

How are cancelled tickets verified in your shop? What improvements can you suggest?

# ACCOUNTING FOR THE SALES

Mary has been told to record every sale in the receipt book. What she records there should tally with the money and cheques she receives.



The committee decided that the manager should check every day that the cash collected agrees with the total amount recorded in the receipt book.



Why is it better to check that the cash agrees with the recorded amount every day rather than once a week or once a month?

Now we can see that the daily accounting and controlling procedure in the Desilu Co-operative is like this:



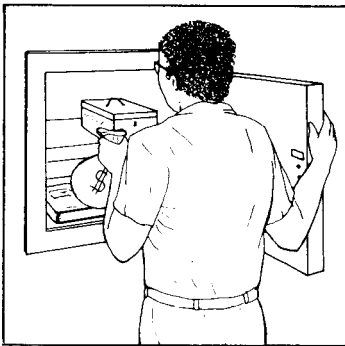
① When the shop has closed, the cashier counts the cash.



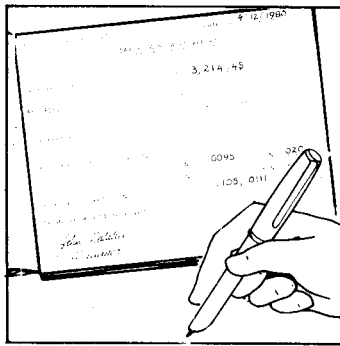
② She hands the cash over to the manager.



③ The manager checks the counting.



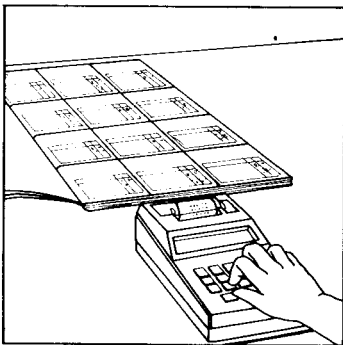
④ He puts the cash in a safe.



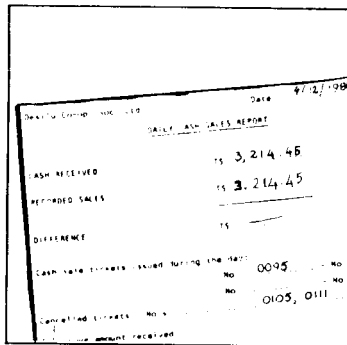
⑤ The manager issues a receipt.



⑥ The receipt is given to the cashier.



⑦ The manager adds up the day's recordings as written in the receipt book.



⑧ He compares the total with the amount he received from the cashier.

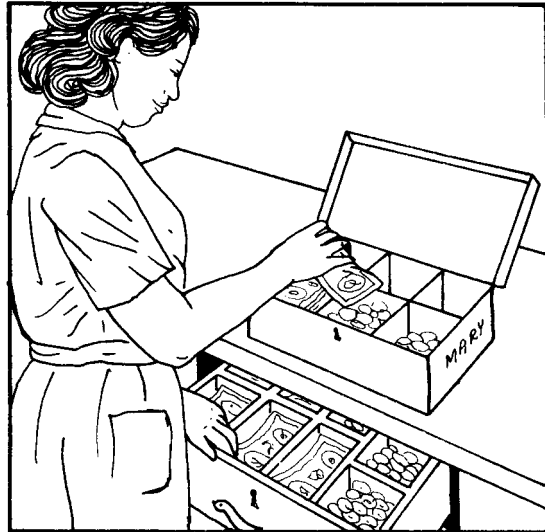


⑨ He banks the money the following day.

Now you know how they account for sales, and control cash in Desilu Co-operative. Let's look at some details now.

The "cash bank"

Mary has T\$300 as a "cash bank". She needs this amount to be able to give change to the customers, and she keeps it as long as she is working as a cashier. Every morning she puts the T\$300 in the cash drawer. When she is counting the money she has received during the day, she must first take away the cash bank.



Mary has a small cash box where she puts her cash bank when it is not in use. She puts the T\$300 in the cash box, locks it and hands the box to the manager. He deposits it in the safe overnight. At least once a week the manager asks Mary to open her cash box so that he can check that her cash bank is still T\$300.



Do you think Mary should take three 100 notes for the cash bank, or coins and notes of various smaller denominations? Explain your answer!



Counting

When the cash bank has been removed, the remaining amount in the till is what Mary has received as payment for goods during the day. She counts this and hands it over to the manager. As she counts she makes a note:



<u>Cash - 4 Dec. 1986</u>			
9	@	T\$ 100	T\$ 900.00
54	@	20	1,080.00
95	@	10	950.00
32	@	5	160.00
36	@	1	36.00
17	@	0.25	4.25
32	@	0.10	3.20
20	@	0.05	1.00
Cheque No.		25432	25.00
" No.		43210	55.00
<u>Total Cash</u>			<u>T\$3,214.45</u>

Checking

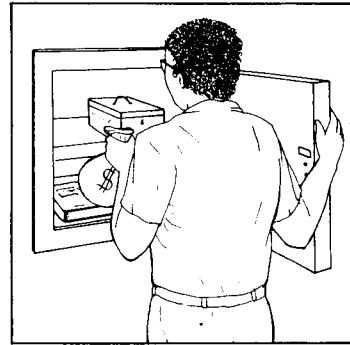
The note is handed over to John, the manager, with the money and the two cheques. The note makes his checking easier and is useful when he fills in the pay-in-slip for the bank.

(The cashier may fill in the pay-in-slip directly instead of making the note.)



Safe keeping

John counts the money and the cheques and puts everything in a bank bag, which he locks into the safe. only he has the key to the safe. The chairman keeps the spare key in a sealed envelope.

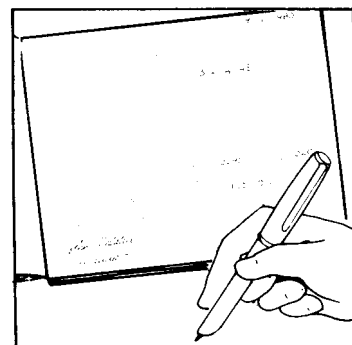


?

Why is it not advisable to allow more than one person to have the key of the safe?

Preparing the Sales Report

Then John starts filling in the Daily Cash Sales Report - see next page.



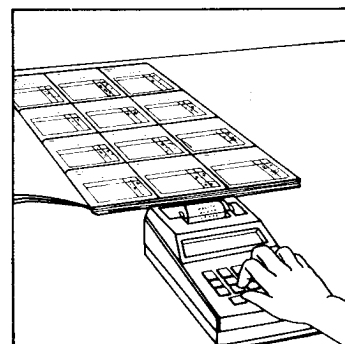
He will give a copy of this report to Mary as a receipt for the cash.



John starts filling in the amount received, then he puts in the number of the first cash sale ticket issued during the day and the number of the last one. He also notes down the numbers of any cancelled tickets and attaches these tickets to the report.

Desilu Co-op. Soc. Ltd.	Date . . 4/12/1986 . .
<u>DAILY CASH SALES REPORT</u>	
CASH RECEIVED	T\$ 3,214.45
RECORDED SALES	T\$ .....
DIFFERENCE	T\$ .....
Cash sale tickets issued during the day:	
	No 0095 - No 0202
	No ..... - No .....
Cancelled tickets: No.s .....	0105, 0111
The above amount received:	
..... <i>John Halalla</i> .....	
<i>Manager</i>	

Then John goes through the copies of all the cash sales tickets in the receipt book. The last ticket accounted for yesterday was number 0094, and so the first one used today was number 0095. He starts adding up the recorded sales from that number up to the last ticket of the day, number 0202. Tomorrow he will start counting from number 0203. He checks that no numbers are missing - all the tickets must be accounted for.



The recorded sales of tickets number 0095 - 0202 come to a total of T\$3,214.45 according to John's adding. This amount tallies with what Mary handed over, which means that there is neither a "cash over" (too much money in the cash box) or a "cash shortage" (too little money in the cash box, compared to the receipts).

Desilu Co-op. Soc. Ltd.	Date: 9/12/1980
<u>DAILY CASH SALES REPORT</u>	
CASH RECEIVED	Ts 3,214.45
RECORDED SALES	Ts 3,214.45
DIFFERENCE	Ts _____
Cash sale tickets issued during the day:	
No 0095	- No 0202
No .....	No .....
Cancelled tickets: No.s 0105, 0111	
The above amount received:	
<i>John Malalla</i> Manager	

John completes the report. The cancelled tickets, numbers 0105 and 0111, are not included in the total.

?

One day Mary handed over T\$2,457.10 in cash. The total amount recorded was T\$2,468.50.

a) What was the difference?

b) Was there a cash shortage or a cash over?

Preparing the Sales Reports for Two Cashiers

Each cashier must account for the money she receives. This means that each cashier should keep the money she receives separate. She should use a separate receipt book, or keep records of the ticket numbers which she issues. The manager should issue a Daily Cash Sales Report for each cashier.

Example: One day Saida relieved Mary for a couple of hours.

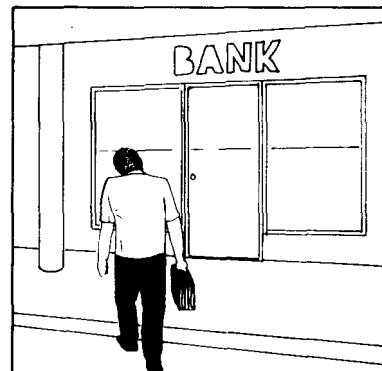
Mary	issued	tickets	no.s	0422 - 0447	Total amount	T\$	647.10
Saida	"	"	"	0448 - 0462	"	"	252.25
Mary	"	"	"	0463 - 0510	"	"	1,315.60

Total recorded sales by Mary were T\$1,962.70. Total recorded **sales** by Saida were T\$252.25. These are the amounts that each should account for.

Why is it wise not to mix the money received by different people?

Banking

The next day John takes the cash to the bank. The whole amount collected, T\$3,214.45, is deposited into the co-operative society's bank account.



Note that John was instructed not to use the money collected in the shop for any cash payments. He must bank the whole amount. He has petty cash for minor expenses, while all the society's other expenditures are paid by cheque.

This arrangement makes it easy to keep good control of the cash flow in the shop. Through the sales reports Mary can prove that all money received during a day has been handed over to the manager.. John gets a receipt from the bank, the pay-in slip, which shows that the same amount has been banked.

Here is a summary of the rules to be followed when organising efficient cash control:

- 1 Every amount received in the shop should be recorded.
- 2 Check every day that the recorded amount agrees with the cash collected.
- 3 Only one person at a time should handle the cash.
- 4 Cash should be handed over only against a receipt.
- 5 The cash should be kept locked up. Only the person responsible for it should have the key.
- 6 The whole amount collected during a day should be banked.



Explain briefly how each one of the above rules is followed in your Co-operative.

1.

2.

3.

4.

5.

6.

## CASH SHORTAGES AND OVERS

If cash is handled carefully and the rules for good cash control are followed there should not be many problems to face. But, of course, anybody can make a mistake and you must know what to do when a cash shortage or a cash over is discovered.

One day the Cash Sales Report in the Desilu Co-operative showed a cash shortage of T\$7.50. What should be done?

Let's see what they did in Desilu to solve the problem. This is the report which showed that T\$7.50 was missing:

Desilu Co-op. Soc. Ltd.	Date	<i>.12/12/1986.</i>
<u>DAILY CASH SALES REPORT</u>		
CASH RECEIVED	T\$	<i>.1,301.50</i>
RECORDED SALES	T\$	<i>.1,329.00</i>
DIFFERENCE	T\$	<i>...27.50</i>
Cash sale tickets issued during the day:		
	No	<i>.1124. - No 1235.</i>
	No	<i>..... - No .....</i>
Cancelled tickets:	No.s	<i>1196, 1198</i>
The above amount received:		
<i>.... John Nalalla ....</i> <i>Manager</i>		

### Reporting mistakes

- ① John and Mary try to find the reason for the difference. First they check the figures in the report to see if there is a "reporting mistake". They check that the adding up of the total of the recorded sales is correct.

They also check that none of yesterday's recordings and none of the cancelled tickets have been included in the total.

- ② What about the cash received? John opens the safe and takes out the bag with the money. Mary and he count it again, together. It totals T\$1,301.50. This is the same as in the report.



- ③ Maybe Mary made a mistake when she put aside T\$300 for change. John takes out her cash box, and Mary opens it so that they can check the amount in the cash box. There is T\$327.50, which is T\$27.50 too much!



They have found the missing money and can correct the report so that the difference disappears.



Make a check-list of what Mary and John did to find out if the difference was a result of a reporting mistake.

1

2

3



If a difference is the result of a reporting mistake, then no money is actually missing (or over). It just looks as if it is, because the figures in the report, or the counting of the money are not correct. Once the reason is found, the mistake can be corrected.

But what do you do if you cannot find a mistake like that? Then it is likely that you have got a real cash difference - there is too much or too little money!

### Cash shortages

A real cash shortage may occur for one of two reasons:

- ① Customers may have paid too little, or got too much change.
- ② Somebody has stolen money.

If a cashier is not properly trained in handling cash, errors can easily be made when receiving payments and giving back change. Frequent shortages and overs show that a cashier does not know how to handle cash correctly and carefully. Maybe she has never had proper instruction.

(The MATCOM Element "Handling of Cash" gives this instruction.)

The second reason is a very unpleasant one. Is there a thief among the customers or the staff? Has the cash been left unattended and unlocked? Who has been handling the money? This must be investigated when there are big cash shortages.



How can the rules for good cash control (page 20) help to prevent thefts?

### Cash overs

While most cashiers worry about cash shortages, some are pleased to find too much money in the till.

"Today there is an over of T\$45. Isn't that good?" said Mary looking at the sales report.



"It is not good at all," John replied. "If there is too much money in the till compared to the recorded amount, this means:

- ① Customers have paid too much or got too little change,  
or
- ② You have not recorded all the sales."

The first reason is serious - it means customers have been cheated. Money must be handled carefully, so that this never happens.

The other reason causes real problems. If we do not register all the sales, we do not actually know what the total sales are. Then we do not know anything about the cash situation either, and there could just as well be a shortage instead of an over.



Why should it be considered a serious fault if a cashier is receiving payment without recording the amount?

Who pays the shortages and who gets the overs?

The committee usually decides this and so they need to know about cash differences, and why they have occurred.

Sometimes the person responsible for the cash when the money was lost may be required to refund the missing amount, particularly if the rules for cash handling and control have not been followed.

As a cashier handles a lot of money, it is fair to excuse her for a very occasional shortage, and normally the society will stand the loss.

If there is money over, and it is not possible to find out whom it belongs to, then it should be considered the society's money.



Why would it be wrong to allow a cashier to keep the overs?

## CHECK~OUT

To prove to yourself that you have fully understood this Element, you should now go through the following questions. Mark what you think is the right answer to each question. If you have problems with a particular question, go back and read the corresponding chapter again.. Your teacher will later check your answers.



- 1 Why should you keep copies of the cash sales receipts?
  - a In case a customer needs a duplicate.
  - b To be able to recheck the adding later.
  - c To know the total sales every day.
  
- 2 Which of the following statements is true about the recording of sales?
  - a Every sale should be recorded.
  - b The manager need not record his own sales.
  - c Minor sales should not be recorded, because of the cost of the receipts.
  
- 3 What should the cashier do if she has registered the goods and the customer fails to pay?
  - a Tear up the ticket.
  - b Cancel the ticket and give it to the customer.
  - c Cancel the ticket and ask the manager to verify that no money was received.
  
- 4 How often should a sales report be prepared?
  - a Daily.
  - b Weekly.
  - c Monthly.
  
- 5 What is the main purpose of having consecutive numbers on the receipts?
  - a To check that none is missing.
  - b To know who has issued the receipt.
  - c To know which date the receipt is issued.

- 6 During the day, who is responsible for the cash?
- a All the cashiers jointly.
  - b The cashiers on duty, individually.
  - c The manager.
- 7 What should you do with the money received in the shop during a day, to have the best security and control?
- a Keep it in the safe and use it for payments.
  - b Use some for payments, bank the rest.
  - c The whole amount should be banked.
- 8 What is the first thing to do if there is a cash shortage?
- a Recover the missing money from the cashier.
  - b Check if the figures in the sales report are correct.
  - c Find out if any money has been stolen.
- 9 Which one of the following results in a cash shortage?
- a One customer's purchases are not recorded.
  - b One customer pays with a cheque.
  - c One customer gets too much change.
- 10 Why are frequent cash overs especially serious?
- a The cashier may not record all sales and we have no true records.
  - b It is difficult to decide what to do with the "over money".
  - c Prices on the goods are too high.

# COMPLEMENTARY EXERCISES

To complete your studies of this topic you should take part in some of the following exercises, which will be organised by your teacher.



## Practical Group Assignments

### 1 The Cash Control Rules

Study how the cash control rules (page 20) are followed in a given shop.

Give a critical report and suggest any changes you think should be made.

### 2 Cash Differences

Go through the Daily Cash Sales Reports for the last three months. Note all differences, and try to find the reasons for them. Give your opinions on how the differences could have been avoided.

## Group Discussions

### 3 The Cashier

Discuss how cash control can benefit a cashier.

### 4 The Members

Discuss what information the members will need about the registration of sales and the cash control.