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Responsible Official: Assistant Vice President, Finance

Responsible Office: University & Student Business Services

BFGuide

Purpose

This guideline is to ensure compliance with the University reporting requirement for cash shortages and consistency with the reporting of cash shortages and overages to the USBS Office and to delineate the consequences of employee cash differences.

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Procedures

General Information

A cash overage/shortage typically is realized during the balancing of cash receipts. Some cash shortages result from human error and are the cost associated with doing business. However, objective reviews must be completed to

eliminate misconduct and provide assurance that controls are effective. If misconduct is suspected, Internal Audit must be contacted. *All cash shortages/overages will be recorded to the account code 74910 of the expenditure/revenue account of the department or activity responsible for receipting the money.*

All outages must be documented on a “Cash Over/Short Report”. A copy of the report must be sent to the USBS Office, the Assistant Vice President (AVP) of Finance, and Internal Audit.

The AVP’s Office is responsible for tracking individual employee outage amounts on a cumulative spread sheet, using the monthly over/short reports. Each cashiering department’s manager/supervisor is also required to keep track of their employees’ over and short outages and should not wait for notification from the AVP Office to begin the appropriate steps.

Cashier drawers will be subject to unannounced cash counts at the discretion of the USBS Office. Cash counts will also be performed prior to scheduled absences, in addition to the monthly cash count.

Reporting Shortages Equal to or Greater than \$500

The University requires the U of M to report cash shortages equal to or greater than \$500 immediately. Therefore, when a cash shortage is discovered (equal to or greater than \$500) the Report of Cash Shortage/Overage form is completed and delivered to the USBS Office and Internal Audit within two hours of the knowledge of the shortage. Internal Audit must then report it to the Board using the Notification of Loss Report.

If the shortage involves cash receipts, departments that utilize the deposit transmittal sheet should be included with the Cash Shortage form and transmitted to the USBS Office for processing.

Reporting Shortages Less than \$500

When a cash shortage (less than \$500) is discovered, the cashier should have their supervisor review all transactions and count their funds prior to finalizing the deposit. If the shortage is not resolved, the cashier should prepare the Report of Cash Shortage/Overage form and also include the shortage on the applicable deposit transmittal sheet. If applicable, both forms should be submitted to the USBS Office during the normal depositing of funds.

Reporting Overages

The cashier (cash custodian) must deposit overages when discovered. The cashier should have their supervisor review all transactions and verify their funds prior to submitting the deposit. The overage will be recorded on the deposit transmittal or through the cash receipting system and the Report of Cash Shortage/Overage form will be included in the deposit.

Consequences of Employee Cash Differences

Probationary Period

During the initial six (6) month probationary period, the employee may be subject to immediate dismissal for any reason, including but not limited to, any of the infractions listed below in accordance with all applicable University policies.

Performance Improvement Process

Employees shall be subject to the Performance Improvement Process (PIP) i.e., Level I, II, or III if the following should occur:

- Cash drawer has cumulative differences totaling two hundred and fifty dollars (\$250) over or short in any 12-month period ;
- An excessive number of cash outage incidents within a 60-day period that may not yield the \$250 over/short violation;
- Any other significant deviation from cash handling standards;
- During the PIP period, the employee could be subject to dismissal if the cash drawer is out of balance more than fifty dollars (\$50.00) over or short on one or more occurrences.

Dismissal

Employees shall be subject to immediate dismissal in accordance with all applicable policies and procedures if the following should occur:

- An employee has a single unresolved outage of \$500.00 or more;
- An employee's cash drawer is out of balance more than fifty dollars (\$50.00) over or short on one or more occurrences during the time that that employee is in the PIP period;
- An employee engages in fraudulent activity;

- An employee engages in forced balancing.

Related Forms

**Report of Cash
Shortage/Overage**

<https://www.memphis.edu/usbs/pdf/shortage.pdf>
