

## **Recommended Cash and Inventory Procedures**

Cash handling and inventory control are two high-risk areas for any organization. Student organizations are no exception. As such, the following guidelines have been developed to assist student leaders with establishing controls to reduce the risk associated with cash handling and inventory.

### **Definitions**

**Inventory Control** - controlling access to inventory, issuing items to be sold, verifying quantities of unsold items returned; physical inventory counts, ordering merchandise, receiving purchases.

**Revenue Control** - safeguarding assets under your control, receiving sales proceeds, reconciling cash and sales, depositing sales proceeds

**Accounting** - verifying deposit of proceeds, verifying the accuracy of inventory receiving, preparing vouchers, reviewing physical inventory results, investigating variances, preparing financial reports, reconciling change in inventory

**Authorization** - approving invoice payment and reconciliations, reviewing asset variances

### **Inventory Control – Recommended Actions**

- Verify the quantity and quality of merchandise orders received immediately upon delivery. This verification shall be performed with the assistance and in the company of several persons, for larger orders perhaps your advisor. Sign receiving paperwork to document the verification. Receiving information is submitted to treasurer for invoice processing.
- Safeguard inventory on hand by limiting and controlling access to merchandise.
- Issue merchandise items to persons authorized to take possession for sales events. Both inventory control personnel and the person receiving the merchandise verify the quantity, type and size of items and sign for the transfer of merchandise.
- Receive unsold merchandise back into the inventory. The person returning merchandise and inventory control personnel both count, document, and sign for items returned.
- Perform a physical inventory count on a predetermined frequency and submits counts to treasurer.
- Determine quantities to be ordered based upon physical inventory counts and predetermined inventory requirements. Orders are submitted to appropriate leadership for authorization.

### **Revenue Control – Recommended Actions**

- Safeguard cash and inventory through the use of adequate barriers, facilities, and personnel to limit physical access during sales events.
- Students involved with the sale of merchandise in public places should be educated in safe conduct in the event of a robbery.
- Accept, verify, and sign for sales merchandise issued by individuals responsible for Inventory Control. Merchandise can only be issued to preauthorized personnel. Document transfers to other personnel if the merchandise is sub-divided and issued in smaller increments.
- Secure and control temporary change funds from the student organization account. Only authorized personnel can check out cash funds. Document transfers to other personnel if the change fund is sub-divided and issued in smaller increments.
- Work in sales teams to segregate the collection of proceeds and the issuance of merchandise to customers.
- Issue receipts to customers.
- At the completion of a sales event, team leaders transfer cash and inventory on-hand to a secure location where:
  1. Cash on hand is counted, documented, and transferred back to personnel with primary cash responsibility. Transfers are verified and signed by both parties.
  2. Inventory on hand is counted, documented, and transferred back to personnel with primary inventory responsibility. Transfers are verified and signed by both parties.
  3. Responsible personnel shall prepare a written reconciliation of the change in inventory and cash collected. Variances, if any, are documented as part of the reconciliation. Variances over a specified limit are reported for investigation by leadership and advisor.
  4. Deposits are prepared, secured and submitted to a cashier in a timely manner. Forward validated deposit slip to treasurer.
  5. The original change fund is secured and returned to the student organization account in a timely manner. The transfer shall be documented and signed by both parties.
  6. Unsold merchandise is secured and returned to individuals responsible Inventory Control personnel in a timely manner. Transfers are documented and signed by both parties.
  7. Submit reconciliation to treasurer.