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A background image showing a business meeting. Two people are visible from the chest down, wearing blue shirts. One person's hand is holding a pen over a document. The scene is lit with warm, natural light from a window in the background.

Mastering Cash Controls: Financial Safeguards from the Front Lines

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... Presenters



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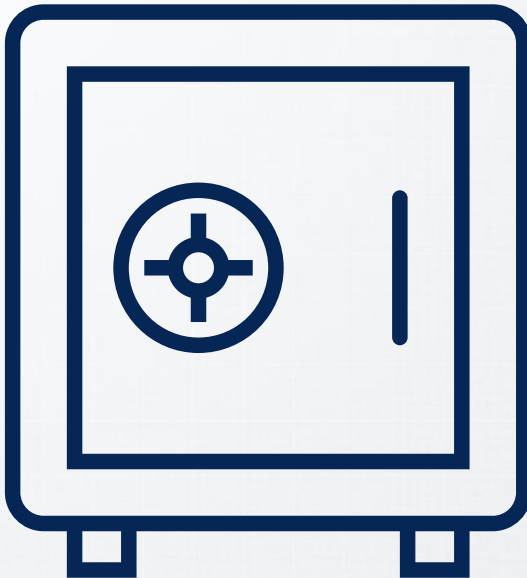
... What To Expect From This Session

- Recognize the most common cash control pitfalls—and how to avoid them
- Implement effective internal controls that deter fraud and errors
- Strengthen your reconciliation processes to catch issues early
- Understand how banks assess and support strong cash management practices
- Build a framework that enhances transparency, trust, and long-term financial security



Cash Controls:

The Management and Internal Control of Cash Related Policies



Cash Control Methods

- Segregation of Duties
- Authorization and Approval
- Physical Safeguards
- Independent Reconciliation
- Prompt Deposits
- Use of Pre-Numbered Documents
- Limited Access to Records and Systems
- Surprise Cash Counts & Audits
- Whistleblower Incentives

... Common Cash Control Weaknesses

Weak cash controls often open the door to fraud and financial manipulation, which can have devastating consequences for organizations and individuals.

Lack of Segregation of Duties

Poor Recordkeeping or Reconciliation

Inadequate Oversight

Segregation of Duties:

No Single Employee Should Control All Parts of a Cash Transaction

Purpose: reduces the risk of both intentional fraud and unintentional errors going unnoticed.



Design workflows where different people handle receipt, recording, and reconciliation

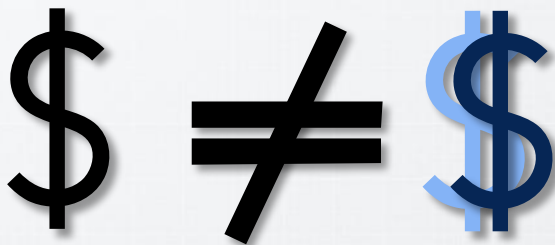
Ensure at least two individuals are involved in counting cash and making deposits

For smaller teams, implement compensating controls such as closer supervisory reviews

Recordkeeping and Reconciliations:

Reconciliations Are Extremely Potent Detective Controls

Purpose: Clear records ensure accurate financial statements and audit trails; Independent reconciliation catches errors and fraud early, mitigating damage caused



- Ensure pre-numbered receipts, checks, deposit slips, and invoices are used
- Perform bank reconciliations frequently, ideally by a staff member who does not regularly handle cash
- Record transactions in the accounting system as soon as they occur
- Reconcile cash to proper paperwork, such as deposit slips or invoices
- Match supporting documents with entries into the accounting system
- Investigate and document any differences immediately

Proper Oversight:

All Cash Transactions Should Require Appropriate Sign-Offs

Purpose: prevents the unauthorized spending or disbursement of funds; even strong controls can weaken if they aren't periodically reviewed



- Set dollar amount thresholds to trigger a dual-signature requirement
- Use locked drawers, safes, and enforce restricted areas
- Review online records and transactions regularly
- Require management approval for refunds, write-offs, or voided transactions
- Deposit on-site cash as frequently as is reasonable to minimize risk
- Monitor authorization procedures to ensure proper execution
- Periodically check that security protocols are being strictly adhered to
- Regularly review control procedures to identify weaknesses to address

Accounting Software Tips

- Use role-based permissions
- Enable audit trails and activity logs
- Require approvals for sensitive transactions
- Use strong password policies and multi-factor authentication
- Perform regular backups
- Reconcile accounts frequently
- Restrict vendor and customer changes
- Keep reports and financial statements secure
- Regularly update and patch all software

Treasury Management Tools

Efficient use of time and money is one of the keys to success in business. Managing liquidity and operational efficiency is paramount to success. Doing so in a safe, secure manner is equally as important.

- Information Reporting
- Automated Payment and Collection Tools
- Fraud Protection & Risk Management

Information Reporting

<u>Mobile Banking</u>	<u>Alerts and Transaction Monitoring</u>	<u>Account Reconciliation</u>
• Greater visibility into banking activities • Efficient and convenient payment origination options • Multifactor authentication allows for customer verification • Session monitoring and timeouts	• Tracks and analyzes all account activity to identify unusual or suspicious behavior • Fraud and security alerts • Exception alerts	• Reduces administrative burden • Timely Reconciliation • Visibility into outstanding checks • Multifactor authentication allows for customer verification • Data Interchange Solutions

Automated Payment & Collection Tools

<u>ACH</u>	<u>RDC/Lockbox</u>	<u>Merchant Services</u>
- Utilized for both payables and receivables - Lower administrative costs - Faster ability of funds	- RDC – Convenience, reduction of administrative costs - Lockbox – Enhanced reporting, quicker access to funds, reduction of administrative costs	- Integrates with EER systems - Robust reporting/card controls - Data Security - Web-based business management and reporting tools

... Fraud Protection & Risk Management

Positive Pay

- Mitigates risk of potential ACH/check fraud
- Automates fraud protection processes
- Eliminates need to close the account if fraud is perpetrated

UPIC

- Protects confidential account information
- Eliminates need to establish separate account for incoming payments

... Nine Points of Protection for Businesses

Banking PC

Dual Control

Daily Review

kNOw
Phishing

Fresh
Passwords

Online and
Computer
Security

Email Safely

Trust but
Verify

Keep a
Watchful Eye

... Former Central NY Fire Department Treasurer Sent to Prison for Stealing Over \$300,000

Premise	Method	Result
•17-year Treasurer of Fire Department	•Perpetrator wrote fire department checks to cash, which he pocketed, deposited checks written to various legitimate fire department vendors into his personal accounts and deposited checks intended for the department into his own bank account. •A forensic examination by DiNapoli's office revealed that Perpetrator made numerous personal purchases and payments, including crypto currency transactions, credit card payments, and cash withdrawals with the funds he stole from the department.	•Sentenced to one to three years in state prison and pay restitution •Fire department officials have taken steps to prevent this from happening again by "adopting proper policies and procedures, ensuring that public funds as well as private donations are used appropriately."



... What Can be Taken from This?

Proper vigilance of internal control within the fire department could have prevented this theft.

Controls that could have prevented this instance of fraud include:

- Oversight
- Segregation of duties and dual approval
- Bank statement review
- Timely financial statement presentation and review

“Vendor” Steals Funds via ACH and Impersonation

Premise	Method	Result
• Controller of Subject company and a longtime vendor.	• Perpetrator hacked the email of a longtime vendor of the subject company. • Perpetrator then sent an email from the compromised email address to the controller of the subject company, using the exact ACH request form, with instructions to send to a new Bank account. • The company processed multiple ACH requests for what they thought was their longtime vendor. Instead, they were sending money to the perpetrator and lost out on significant funds.	• The company lost out on significant funds and strained a vendor relationship.



... What Can be Taken from This?

Proper vigilance of internal controls and safeguards in place could have prevented this from occurring.

Controls that could have prevented this instance of fraud include:

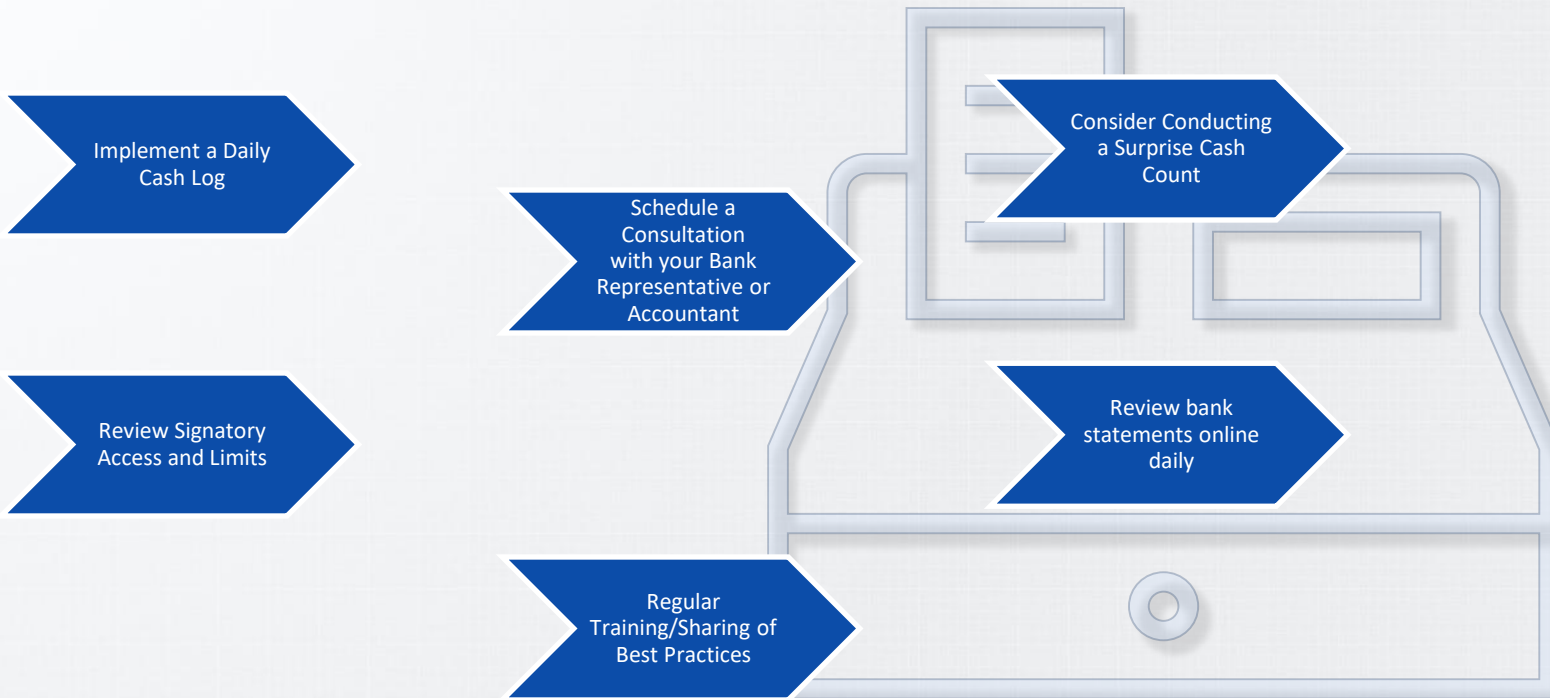
- Segregation of duties and dual approval
- Call Back (Trust but Verify)
- Timely Bank Statement Review & Confirmation
- Oversight

... Cash Management Checklist

1. Cash Handling Procedures
2. Cash Receipts
3. Cash Disbursements
4. Bank Reconciliation
5. Segregation of Duties
6. Physical Security
7. Oversight and monitoring
8. Documentation and training

... Quick Wins

What can you do this month to improve cash controls?



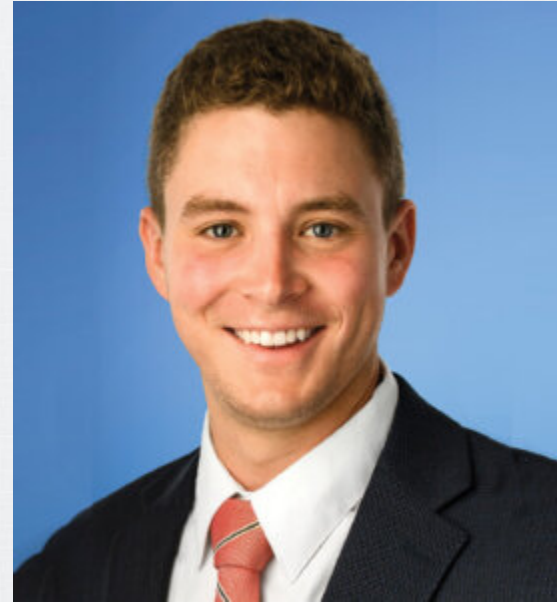
Questions



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