

Module 1 - What is Cash?

- Reported on TWO different statements
 - Balance Sheet
 - Statement of Cash Flows
- Cash is...
 - Cash on hand (money in the till)
 - Cash in the bank (checking & savings)
 - Petty cash (cash box with money for incidentals)



What is Cash?

- Cash equivalents are short-term highly liquid investments that are both:
 - Readily convertible to KNOWN amounts of cash
 - Insensitive to interest rate changes due to close maturity date
- Restricted Cash
 - Cash restricted for SPECIAL purposes
 - Grants and contracts
 - Gifts



Control over receipts

- Establishment of responsibility
- Segregation of duties
- Documentation of procedures
- Physical, Mechanical and Electronic controls
- Independent Internal verification
- Other controls



Control over disbursements

- Establishment of responsibility
- Segregation of duties
- Documentation of procedures
- Physical, Mechanical and Electronic controls
- Independent Internal verification
- Other controls



Bank Reconciliation

- Comparing the Bank Statement to the Books
- Should be prepared by owner or employee with NO other cash responsibilities



Bank Reconciliation

Cash Balance per bank statement

Add deposits in transit

Less outstanding checks

Adjusted Cash Balance per bank

Cash Balance per books

Add unrecorded deposits

Less Charges and fees

Adjusted Cash Balance per books



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Managing and Monitoring Cash

■ Basic Principles

- Increase the speed of collection of receivables
- Keep inventory levels low
- Delay payment of liabilities
- Plan the timing of major expenditures

■ Cash Budgeting

