



**U.P. CREDIT COOPERATIVE
FERNANDEZ HALL**

Delos Reyes Street corner C.P. Garcia
U.P. Campus, Diliman, Quezon City
Telefax nos. 8924-8002/8646-8862

CASH MANAGEMENT POLICY AND PROCEDURES MANUAL

PURPOSE

The purposes of this Cash Management Policy and Manual of Procedures are to:

1. control inflows and outflows of cash;
2. ensure the liquidity and profitability of collections, investment and cash disbursement of the U.P. Credit Cooperative, herein under referred to as UPCC.

STATEMENT OF POLICY

It is the policy of the UPCC that appropriate internal controls and accepted best practices be utilized in the handling, receiving, safeguarding, transporting, depositing, and the accounting of all its cash assets.

WHO NEEDS TO KNOW THIS POLICY

This policy applies to any member of the UPCC who has a fiduciary responsibility for any part of the collection and handling of its cash assets.

POLICY AND PROCEDURES

The purpose of this policy is to provide a process and guidance on collecting, accounting for, and safeguarding all negotiable instruments (cash, checks, etc.) on UPCC's behalf as subsequently outlined.

Responsibility

The Treasury Department is the UPCC's primary cash handling agent.

Division of Responsibility

Board of Directors/Treasurer/Secretary

The Chairman, the Vice-Chairman, the Treasurer and the Secretary are responsible in signing of checks for withdrawal, loan proceeds and other office transactions related. It is permitted that at least any two (2) of the above-mentioned officers of the UPCC may sign checks.

Audit Committee

The Audit Committee composed of three (3) members elected by the General Assembly shall conduct a weekly cash count handled by the Treasury Department, the purpose of which is to monitor and to account the cash on hand received or disbursed.

Cashier II

The Cashier II is responsible for the following:

1. Monitoring Cash on Hand and Cash in Banks (PNB, LBP, DBP and VBP).
2. Preparing the daily cash position reports.
3. Managing loan disbursement to the bank (RDA) and prepares report related to the transaction.
4. Releasing the annual dividend and patronage refund to the bank.
5. Releasing cash withdrawal of the member.
6. Releasing employee payroll and other cash disbursement.

Cashier I

The Cashier I is in charge of the following:

1. Collection receivables
2. Preparation of daily collection report.
3. Preparation of deposit slip of cash collection for the day.
4. Issuance of O.R for loan payments and other accounts of members
5. Preparation of checks for various office transactions.
6. Preparation of reports for Time Deposits

Required Authorization

Prior to undertaking any new cash handling operation or activity, the Board of Directors must approve the activity. Once approved, this new activity must be demonstrated on how this new operation will be accounted for and how deposits will be made.

Responsibilities of Individual Departments

All departments of UPCC, including its officers are responsible for complying with the policies and procedures outlined in this document and for developing and maintaining detailed written departmental operating procedures. The Treasury Department is available for consultation and review of the departmental procedures. Departments are responsible for training all designated employees on appropriate cash management policies and procedures.

Segregation of Duties

There must be a segregation of duties in order to safeguard the UPCC's assets. The responsibilities of receiving cash, recording cash, depositing cash and the reconciliation of the deposit must be separated and performed by different individuals. In no instance should the individual accepting the cash be the same individual responsible for making the deposit and/or

performing the reconciliation. Responsibility over transaction proceeds should be clearly delineated and assigned to specific individual(s) to ensure accountability.

Cash receipts should be reconciled to the department's cash budget on a weekly (high volume) or monthly (low volume) basis. Cash reconciliation detects inconsistencies in the amount of cash on hand and the UPCC's internal financial records. Cash reconciliation is a process that helps reduce the likelihood of errors or misrepresentations in the UPCC's financial statements. The reconciliation should be reviewed by someone independent of the cash handling or recording functions and their approval evidenced by their signature and date.

The following responsibilities should be distributed among personnel so that one individual is not responsible for all aspects of the cash collection cycle:

- Opening mail
- Endorsing checks
- Preparing deposits
- Reconciling cash receipts
- Billing and collections (when approved to occur locally)
- Posting and recording payments in the system(s) of record

Proper Receipting and Documentation

When accepting cash, the following tasks must be performed:

- Record the transaction in UPCC approved form and provide a receipt to the customer.
- Place all cash in a secured location
- Deposit cash on a timely basis to the UPCC's depository bank(s)
- Reconcile deposits to the department's receipts

Processing of Cash Receipts

Incoming checks and currency must be recorded on a log, worksheet, or ledger. Copies of the transaction receipts must be retained by the Treasury Department.

The Treasury Department must keep records of the receipts and total amount for which the receipts were written. Deposits should reflect the receipts and the total amount collected.

All cash must be kept in a safe, locked metal box or cash drawer at all times.

The Audit Committee should perform periodic, unannounced cash reconciliations (surprise audits) of the cash on hand.

Safeguarding of Funds

Safeguarding of Funds

All forms of cash (currency, checks, money orders, and negotiable instruments) must be physically protected through the use of safes or vaults, locked cash drawers, cashier's cages, locked metal boxes, etc.

It is the responsibility of each department to ensure that all necessary processes are in place to properly safeguard the cash receipts within their area. Cash must not be retained in desk drawers or standard file cabinets since they are easily accessed with minimal forcing or readily available keys.

Cash pick-ups and transfers should be irregular, subject to change without notice, with times known only to a select few. Transfer of large amounts of cash via transportation is recommended.

Counterfeit Currency

All authorized cash handling departments are responsible for exercising reasonable care in screening cash transactions for counterfeit currency. This can include the use of counterfeit detector pens, and machines, as well as, a visual check for security indicators such as watermarks, security ribbons, etc. If a questionable bill is received, the department should retain possession of the bill and immediately contact proper authorities. Do not return the bill to the payer.

Transfer of Accountability

Transfer of accountability must be recorded, (name, date, time, and amount) if the deposit is not being transported by the person preparing the deposit. All transfer logs should be retained for the current fiscal year plus 2 fiscal years. All documents should be maintained in such a manner as to provide a suitable audit trail for all transactions.

Report of Losses

In the event that a discrepancy is identified when safeguarding cash, most differences can be traced to clerical errors; however any discrepancy must be reported to management. Actual losses must also be reported.

In the event of theft or loss cash, any of the Treasurer, Manager or Board of Directors must be immediately notified and an investigation will be conducted.

Personal Accounts

The use of personal checking and/or other bank accounts by members or officers of the UPCC for depositing of and/or safeguarding of UPCC's funds is strictly prohibited. Only the Office of the Treasurer, acting on approval from the Board of Directors has authority to approve, open and operate any such accounts.

Check Acceptance

All checks must be written payable to "U.P. Credit Cooperative". When accepting checks, the following guidelines apply:

1. All checks must be drawn on a Philippine domestic bank written in Philippine Peso.
2. If a foreign check is accepted, it should be in excess of Peso 10,000.00 and deposited at the UPCC's bank.

3. Ensure check is valid by reviewing check for all pre-printed messages on check; i.e. “not valid after 90 days” “not valid over Peso 20,000.00, etc.
4. Review the date of the check. No stale dated (over 90 days, etc.) or post-dated checks should be accepted.
5. Checks must be made payable to “U.P. Credit Cooperative”. If the check is made specifically to a department or person’s name, it must also be endorsed as such.
6. Written amount (on legal line) and numerical amount (in courtesy box) must be the same.
7. Check must be signed by payer.
8. All checks must be restrictively endorsed (For Deposit only) immediately upon receipt and recorded appropriately. This includes endorsements by any individuals also named as payee on the check. If the check is made payable to an individual, that person must endorse the back of the check first with “Payable to U.P. Credit Cooperative” followed by their signature and then the check should be restrictively endorsed with the UPCC deposit stamp, e.g., “For Deposit Only”.

Check Cashing

The cashing of checks by departments is strictly prohibited under any circumstances. The Cashier is the only authorized check cashing person in the UPCC.

Returned Checks

Any check returned by the UPCC’s depository banks are deemed uncollected and notify or sent back to check to the payer or check writer stating the reason(s) therein. Exercise diligence in following up for the issuance of the corrected check(s). Examples of returned checks include; non-sufficient funds (NSF), account closed, payer’s signature missing, refer to maker and post-dated or stale dated checks.

Deposits

1. *Timeliness of Deposits*

Deposits must be made in a timely manner to ensure the safety of UPCC’s funds. Failing to make timely deposits increases the risk of error and the risk of misappropriation of funds.

All deposits are to be made at the UPCC’s depository bank(s) located at the University of the Philippines Diliman Campus.

Deposits may be made Monday – Friday between 9 a.m. and 4 p.m.

Deposits must be routed directly from the Treasury Department to the UPCC’s depository bank(s) and must never be taken off campus.

2. *Deposit Form*

Deposits should be recorded on UPCC.s deposit form which is used to record, communicate and document deposits made by the Treasury Department.

3. Money Deposited Intact

Money must be deposited promptly and intact to the depository bank(s). The cashing of checks from the deposits, borrowing cash for personal use, lapping receipts to cover shortages in cash receipts, withholding checks for deposit in order to float checks, commingling of personal and UPCC's funds, and modification of cash records are not permissible and should be reported to proper authorities in the UPCC immediately.

4. Transporting Funds

The transportation of cash and check collections around campus and to/from the depository bank(s) should be kept to a minimum. Money should be carried in a secure bag. Outside Mail Services must never be used for transporting deposits. Currency deposits may be hand-carried by UPCC's representative with an escort security if necessary.

Transportation service must be used for the majority of the pickups and deliveries of monies across campus and to the bank(s).

5. Receipts of Deposits

Receipts of deposits must be collected which are used to track deposits, confirm receipt by the bank(s), track discrepancies, and post all entries in the UPCC's General Ledger.

Reconciliation

The Treasury Department must ensure that all funds are properly deposited and recorded.

On a regular basis, at least monthly, the Treasury Departments should retrieve and review its reports. Total deposits and account balances should be verified against totals in its records or summary of receipt and schedule of deposits. An analysis of outstanding deposits should be made and checked for further disposition. It is very important to establish revenue budgets to provide a basis for variance analysis on a monthly basis. An important management tool is the reconciliation of budget to actuals activity.

If a deposit is not found and/or a discrepancy is found on the summary of receipts and schedule of deposits report, this shall be verified against the bank statement report. All discrepancies must be identified and reconciled on a timely basis. The reconciliation should be reviewed by an individual independent of the cash handling, recording and posting, and reconciliation preparation functions.

Reports

The following are reports that the Treasury Department shall endeavor to prepare without delay.

1. Daily Collection Report.

Report that provides a summary of receipts collected on a daily basis and to help verification of all cash received within the day.

2. Schedule of Deposits

Consists of all the cash transaction and to be deposited in the bank provided by Cashier I for the purpose of verifying in the Bank reconciliation report.

3. Daily Cash Position

A daily cash position is a daily cash inflows and outflows. A daily cash position report tracks daily cash inflows and outflows. Daily cash position is also used to monitor cash disbursement, including all loans releases, savings withdrawals and other cash disbursed for the day.

4. Check Endorsement

Helps to verify recipient of the funds and authorizes the bank to complete the transaction.

5. Time Deposit Report

A summary that provides all the names of the depositor, maturity date and rates.

GLOSSARY

Policy Definitions – As used in this policy the following terms have the meaning specified below:

Cash: all currency, checks, money orders, all negotiable instruments. UPCC funds are monies received from contracts and grants, revenue from UPCC services, gifts and all other sources of revenue or expense reimbursements, whether restricted or unrestricted as to purpose or use. All checks made payable to the UPCC are considered UPCC funds.

Check Endorsement: the act of signing at the designated area at the back of the check called endorsement box. The signature indicates that the signee is the intended recipient of the funds and authorizes the bank to process the check.

Depository Bank: the designated bank(s) to which UPCC deposits all funds.

General Ledger: the portion of the UPCC's financial system where transactions are recorded.

Intact: unchanged, remaining complete.

Lapping: concealing a shortage by delaying the recording of cash receipts.

Post-dated: to affix or assign a date later than the current date to a document or check.

Reconcile: to balance to a separately maintained set of data.

Reconciliation: is an accounting process that uses two sets of records to ensure figures are accurate and in agreement.

Restrictively Endorsed: the act of placing restriction or constraint on a check by affixing the signature, name and account number to whom the transaction is to be credited and the bank to be deposited. (e.g. For Deposit Only)

Stale dated: a check that is dated in the past, usually six months or more; or a check with instructions written on the face that expressly states an expiration date, such as “void after 90 days”.

Time Deposit: a time deposit is an interest-bearing account that has a specific date of maturity, that is, it may not be withdrawn anytime.

Transfer Logs: a permanent record that is signed and dated for funds that are transported by someone other than the person preparing the funds for deposit.

Treasury Department – is the department of the UPCC that consistently makes deposits to the UPCC’s depository accounts. It is the liaison for all cash handling, depository bank, and Financial Accounting and Reporting.

Approved by the Board of Directors at its Regular Monthly Meeting on April 24, 2024.