

Cash Handling & Fraud

Stay Out of the Newspaper!!!

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March 15, 2024 | Rolling Meadows, Illinois



Introductions

Stacey Corder, (Speaker)

- *Executive Director of Business, North Boone CUSD 200*



Andrew Mace, (Speaker)

- *CPA, CFE ,Consultant, Meristem Advisors*

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Agenda

- Cash Handling Best Practices
 - Internal Controls
 - Cash Handling Procedure
- Fraud
 - Things to do and not do to stay out of the Newspaper!!

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Cash Handling – Internal Controls

- Internal controls are accounting and auditing processes used in a finance/business department that ensure the integrity of financial reporting and regulatory compliance.
- Internal controls starts with your procedures and guidelines.
 - Limiting access to cash, inventory, check stock, safe, or other assets
 - Controlled access to accounting and financial reporting system
 - Two-person approval process of deposits, reconciliations, and journal entries.
 - Utilizing financial software for purchasing, ex. PO's.
 - Cross training for financial related responsibilities. (bookkeeper, AP)
 - Yearly training for those involved to remind of policies and procedures.

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Cash Handling- Best Practices

- Maintain a cash handling policy and procedures
- Adequate safeguards for handling, transporting and storing cash (safe)
- Pre-numbered cash receipts used (also for credit card and check payments)
- Payment processing accounts (PayPal, GoFundMe, etc.) not encouraged
- Establish deposit guidelines (daily, weekly)
- Cash is never handled by only one person and should be controlled until it is deposited into the bank account
- All checks received need to be made out to the District and not an individual
- Encourage the Webstore use when possible

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Cash Handling- Best Practices

- Use a drop-box safe when appropriate for evenings and weekend events
- Money should not be taken home, left in a desk drawer, file cabinets, on desk or through interoffice mail
- Reimbursements are not to be made from deposits
- Refunds are not given from deposits
- Expenses for an event are not paid from deposits
- Cash advances or loans are strictly prohibited

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Cash Handling- Best Practices

- Proper segregation of duties
- Reconciliation of deposits
- Management oversight and review
- Ensure correct individuals are on file at the bank - review annually
- Limit or discontinue the use of Petty Cash funds
 - if necessary, counted and reconciled regularly
- Areas of concern
 - Pop machine collections
 - Gate/Event receipts

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Fraud

- ❑ Definition of Fraud:
 - ❑ Fraud in its various forms (embezzlement, misappropriation, falsification of records, etc.).
 - ❑ The fraud triangle:
 - ❑ Opportunity -
 - ❑ Lack or end-around of internal controls
 - ❑ Senior management not watching
 - ❑ Motive/Pressure -
 - ❑ Personal financial pressure
 - ❑ Addiction. etc.
 - ❑ Rationalization -
 - ❑ I haven't received a raise I deserve
 - ❑ It's only a loan - I'll pay it back
- ❑ The Cost of Fraud:
 - ❑ Discuss the financial implications of fraud in educational institutions.
 - ❑ Highlight real-life examples of fraud incidents in school districts.

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Fraud

- ❑ Common Fraud Schemes in School Districts:
 - ❑ Discuss common fraud schemes targeting school districts (fake vendors, payroll fraud, inflated expenses, missing receipts, etc.).
 - ❑ Provide examples and case studies to illustrate each scheme.
- ❑ Identifying Red Flags:
 - ❑ Educate on the signs of potential fraud (unexplained budget variances, unusual transactions, sudden lifestyle changes, etc.).
 - ❑ Encourage staff to remain vigilant and report suspicious activity promptly.

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Fraud

- ❑ Establishing Internal Controls:
 - ❑ Explain the importance of robust internal controls in preventing fraud.
 - ❑ Discuss segregation of duties, regular audits, and proper authorization processes.
- ❑ Cultivating a Culture of Integrity:
 - ❑ Emphasize the role of organizational culture in fraud prevention.
 - ❑ Promote ethics training, whistleblower policies, and transparent communication channels.
- ❑ Leveraging Technology:
 - ❑ Introduce technological solutions for fraud prevention (accounting software, data analytics tools, etc.).
 - ❑ Highlight the benefits of automation in detecting and preventing fraudulent activities.

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Fraud

Reporting Procedures:

- Outline the steps to take if fraud is suspected or detected.
- Stress the importance of prompt reporting and collaboration with law enforcement.

Investigation and Recovery:

- Briefly discuss the investigation process following a fraud incident.
- Mention strategies for recovering lost funds and restoring financial integrity



Questions and Answers

We thank you for your time!

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Resources:

Harvard D50 Cash Handling Procedure

It is very important to provide adequate controls for safeguarding assets. Because revenue is in the form of cash and checks, maintenance of receipts is imperative.

All cash/checks should be kept in a locked safe at all times.

Deposits are to be made on a daily basis.

Depositing Funds: This is now a two person verification process.

1. Complete the Treasure Account or Activity/Convenience Account receipt.
2. Checks: a calculator tape is to be ran by each person verifying the deposit. Each person's tape should be signed by who ran the tape. Both tapes should be sent with the backup for the deposit that is sent to the Business Office.
3. Cash: Cash is to be counted by the Secretary/Bookkeeper making the deposit and one other employee. Both are to sign the deposit slip, verifying they counted the cash.
4. A calculator tapes should also indicate the amount of cash and the amount of the checks agreeing to the amount of the deposit.
5. The name of the building making the deposit is to be written on the deposit slip. For Activity/Convenience Account deposits, the name of the organization is also to be written on the deposit slip.
6. Deposits should be sent with the courier. If needed the deposit can be brought to Central Office by 4:30 pm to be placed in the night depository at the bank.

Deposit slips and all accompanying back up is to be sent to the Business Office immediately. Do not hold on to this.

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Resources:

CASH RECEIPT
HARVARD COMMUNITY UNIT SCHOOL
DISTRICT NO. 50
HARVARD, ILLINOIS 60033
Treasurer's Account

NAME _____

ID _____ DATE ____/____/____

DESCRIPTION	AMOUNT
10-1611 Student Lunch	
10-1722 Yearbook	
10-1620 Staff Lunch	
20-1721 Parking Permit	
10-1311 Registration Fee	
10-1311-3 Prior Year Registration Fee	
10-1724 Student Athletic Fees	
10-1711 Athletic Gate	
10-1970 Drivers Ed Fee	
10-1999 Other Local Revenues	
Event:	
Other:	
No. 7-0292	Total

THANK YOU

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Resources:

ISBE Internal Control Handbook

<https://www.isbe.net/Documents/Internal-Control-Handbook-08-2017.pdf>

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Presenters:

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