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# **CASH OPERATIONS POLICY & PROCEDURES MANUAL**

**VERSION III**

**Owner – Administration & Operations**

**Approval Board of Directors**

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## **CASH OPERATIONS MANUAL**

### **CLOSE CIRCUIT TELEVISION SURVEILLANCE (CCTV)**

A CCTV CAMERA SHOULD BE FOCUSED ON TO THE CASH COUNTER AREA TO CAPTURE THE FACE OF INDIVIDUAL AT THE COUNTER AND THE TRANSACTION ACTIVITIES, TO FACILITATE SUBSEQUENT INVESTIGATIONS, The CCTV COVERAGE SHOULD BE SAVED FOR 90 DAYS.

IT IS THE RESPONSIBILITY OF THE MANAGER TO ENSURE THAT THE CCTV SYSTEM IS IN WORKING ORDER AND ANY DEFECTS SHOULD BE BROUGHT TO THE NOTICE OF THE HEAD OF INFORMATION TECHNOLOGY IMMEDIATELY. FOR RECTIFICATION

### **1. CUSTODY OF CASH - RESPONSIBILITIES**

The cash in the vault/safe of a Branch will be under the joint custody of the two Officers, who hold the keys to the vault/safe who shall be the Branch Manager and the Assistant Manager .

The running cash, in of a Branch should be in the custody of the Teller assigned to the cash counter. In the case of a large Office it will be Chief Cashier specially assigned for such duty.

The responsibility for the correctness of the cash in any packet, bundle, bag or other unit will rest with the Teller who has counted the same and signed the relevant label.

The Branch Manager will be responsible for the overall cash operations in a Branch and take all precautions to ensure that cash position at a branch at one is accurate and secured.

Branch Managers in consultation with the Head of Finance should ensure availability of adequate Insurance cover over cash holdings at all times.

**The cash counter cubical should occupied by the designated Teller(s) only. The entrance should be kept locked as long as cash is held at the said location preventing entry to the cubical by other employees. The authorized persons to enter the cubical is the Branch Manager & the Assistant Manager who are the holders of the cash vault keys. Accordingly the use of this location for any other business activity of the company is prohibited,**

### **2. HANDLING OF CASH (Notes)**

The Central Bank of Sri Lanka issues notes in standard bundles with each bundle containing ten packets of one hundred notes. Accordingly, notes of each denomination held by the Bank should be tied separately into packets of 100 notes and thereafter in standard bundles of ten packets as specified above.

The notes should be stretched and all notes in a bundle should face the same direction. The bundle itself should be securely tied with an appropriate label placed on top of it (See caption 'Completion of Labels').

It must be noted that 'mixed bundles' i.e. bundles made up of the packets counted by different Tellers may be permitted only when consolidating the balance cash handed over by each Teller after balancing cash as at close of business. (However, it must be noted that if a Teller hands over a full bundle of cash, it should be counted by him and a label signed by him should be attached). The Tellers concerned should

prepare and affix his label for these packets and the Teller taking over the cash should attach a label for the mixed bundle. Each Teller will be responsible for the bundles handled, and on no account must notes be put together in such a manner which would prevent responsibility for a shortage being determined on the particular Teller involved

Bundles of notes in the denomination of all denominations should be sealed with the Branch seal whether they are lodged in the vault/safe or held in running cash.

### **3. SORTING OF CURRENCY NOTES**

Unserviceable currency notes (soiled, defaced and unfit for circulation) and damaged notes should be sorted for deposit at the Bank where the current account is maintained.

Different designs of currency notes of the same denomination should be arranged separately, in the following manner.

- 100 notes to a packet and 10 packets to a bundle. A full bundle should contain 1000 notes.
- Different denominations should not be packed or bundled together under any circumstances.
- The bundles of notes should not be tied too tightly so as to cause damage to the edges of the currency notes and not too loose enough to remove notes from the bundle.
- Customers should be issued with the currency notes that are in good condition or new. Torn, damaged or pasted notes are separately bundled and deposited at the Bank where the Branch Current Account is maintained or with the Central Bank of Sri Lanka under damaged currency note bundles. Under no circumstances, should any cello taped or torn, currency notes be included in the serviceable or unserviceable bundles.

### **4. SUPERVISION OF SORTING CASH**

The sorting should be done whenever necessary under the supervision of the Branch Manager / or an Executive in the branch. Such Officer will distribute the unsorted bundles among the Teller(s) detailed for the sorting and will check and countersign on the labels of the sorted bundles returned to him. Where sorting is entrusted to more than one Teller, a record of the bundles so distributed will be maintained in a transfer book. Each Teller will sign the register against the amount entrusted to him for sorting.

### **5. SORTING PROCEDURE BY TELLER**

The Teller will first verify accuracy of each packet and bundle of notes entrusted to him for sorting. Thereafter he will proceed to sort the notes into two stacks of 'serviceable' and 'unserviceable' notes respectively. While the sorting progresses, the notes should be tied into packets and the packets into bundles as and when the required number of notes has been built up in either stack. Odd balances remaining after the sorting has been completed, may be amalgamated into one mixed bundle under the supervision of the Senior Teller-in-Charge and the bundle should be marked accordingly.

Tellers engaged in the sorting of cash should not undertake any other duties until the sorting has been completed.

## 6. HANDLING OF CASH (COINS)

Coins of each denomination held by the company should be bagged separately.

After the coins are counted and deposited in the bag, the teller should tie the neck of the bag securely with unbroken length of twine as close as possible to the level of the coins in the bag. There after he will attach the relevant label (Ref. completion of labels) duly completed by him.

Wax seal should be placed in such a manner that the label and twine cannot be removed from the bag without breaking the seal.

For ease of effecting payments, a limited amount of coins may be bagged with a label showing the amount in the bag.

At the end of the day, balances of coins in the running cash should be kept in cloth / cellophane bags of separate denominations properly labeled. As soon as the balance in the particular denomination accumulates to more than one tenth of a standard bag, separate bags should be maintained thereafter.

## 7. COMPLETION OF LABELS

Tellers should ensure that every bundle or bag containing currency has a label showing the particulars specified below.

**Bundles -** In the case of bundles, every label should inter alia show the name of Branch, the date of bundling, the Name & signature of the Teller who counted the bundle and the signature of the officer who checked the folds/packets as well as all other information called for on the face of the label

**Bags -** In the case of bags every label should inter alia show the name of Branch, date of bagging of coins and the signature of the Teller who counted the coins.

**Caution -** A label attached to a particular bundle or bag should be destroyed after it has served its purpose and should not under any circumstance be re-used

## 8. PAYING-IN-SLIPS

The Paying in slip Format for Cash deposit should be completed by the depositor. On no account should two deposits intended for two different accounts be accepted and one pay in slip.

Credits to Staff Accounts should be authorized by the Branch Manager by placing his signature on the slip.

## 9. ACCEPTANCE OF DEPOSITS

When a Customer hands in a perfected cash Paying-in-slip for a specified amount with the equivalent amount of cash for deposit, the undernoted procedure should be followed.

9.1 The Teller should examine the Paying-in -Slip and satisfy himself that it has been properly completed, that is the: -

- a. Amount in words has been correctly stated and agrees with the amount in figures.
- b. Name of the customer and account number has been entered in the                      spaces provided.
- c. Particulars of the denominations have been entered.
- d. Paying-in-slip bears t h e date and the signature of the d e p o s i t o r . It would nevertheless be advisable to obtain a fresh deposit slip where the amount is altered and the deposit is not being made by the customer personally.
- e. If a person other than the customer is depositing cash to an account amounting to Rs 200,000/ or more the depositor should disclose his name, address, NIC Number and the purpose of deposit in the space provided. This is a Legal and a regulatory requirement, therefore compliance with this requirement is **MANDATORY**

9.2 The Teller will then proceed to count the cash tendered with the paying-in-slip beginning with the highest denomination tendered and working down to the lowest, until all the cash has been counted. In the process he must ensure that every currency note and coin tendered is not **forged, mutilated or obsolete**. As the counting of the cash in each denomination is completed, the value of cash received in that denomination will be checked with the denominations entered on the slip, & also the denomination details should be entered on the reverse of the slip placing the denomination rubber stamp. (New slips will be printed with this facility) Once the counting of the entire cash has been completed h e w i l l    total    the a m o u n t listed against t h e v a r i o u s denominations e n t e r e d i n t h e paying-in-slip and verify whether this total is correct. If this total is correct he will proceed to issue a receipt.

Whilst counting the cash, if it is found that a particular denomination of currency notes has not been entered in correctly by the customer, the Teller will    count and enter the denominations of all currency notes on the reverse of the credit slip and compare the total with the total amount shown by the customer. The customer should be requested to rectify the credit slip under his full signature to show the correct position of denominations before accepting the deposit.

In the event on any difference in the total value, the depositor should be requested to complete a fresh paying-in-slip indicating the correct amount of the denominations of the currency notes and the correct total.

#### **Note**

Each deposit should be counted separately.

### **10. ISSUE OF CASH RECEIPTS**

Once the Teller is satisfied that the total amount of cash stated on the credit slip he has received, he will validate the credit slip on the computer system.

Thereafter the Teller will sign the Credit slip.

After the validation is completed he will check the amount printed on the credit slip and hand over the customer's copy of the paying-in-slip to the depositor.

## **11. DEPOSIT TO SAVINGS ACCOUNTS**

The credit should be updated in the Savings pass book using the pass book printer, thereafter verify the print on the pass book and hand over passbook to account holder duly receipted on the reversed of the pay-in-slip.

## **12. LARGE DEPOSITS**

Normally customers do not make large deposits to savings accounts. In most instances it would be a term deposit, Large deposits should be handled with the consent of the Branch Manager to ensure that such deposits are accepted as per the requirements in the "Compliance Policy and Procedures Manual which deals in KYC and CDD requirements and avoid dealing in suspicious transaction. (Money Laundering & Terrorist Financing) Branch Manager could request the depositor to declare the source of funds on the reverse of the Pay-in-Slip for future reference. For any clarification in this regard refer to Head of Compliance.

## **13. Receiving Large Deposits**

Subject to 12 above wherever possible, arrangements should be made to receive large deposits at an inner receiving table. The counting should be undertaken in the immediate presence of the depositor. No part of the cash should be removed from the depositor's sight until all the cash tendered has been counted and found correct. This rule will apply irrespective of whether the cash is counted by one Teller or several Tellers. Where the cash has to be counted by several Tellers the Senior Teller-in charge of the inner receiving table will first verify the folds and packets in each bundle before handing them over to the respective assisting Tellers. The assisting Tellers also will make a similar check when accepting the bundles.

The Branch Manager will maintain a record of the bundles distributed by him to each assisting Teller and mark off these entries as the bundles are returned to him after counting. He will then re check the folds and packets in these bundles and countersign the relevant labels. The counting should be undertaken at the inner receiving table under the supervision of the Senior Teller-in-charge. No part of the cash should be removed elsewhere for the sake of convenience or any other reason. Thereafter the designated Teller will take charge of the cash by signing an inter-cashier transaction note, for the amount of the deposit, validate the paying-in -slip in the computer system and hand over the customer's copy to the depositor.

At regular intervals the cash receipt printout will be extracted and passed on to the specified authorized officer for verification with the cash credit slips. The officer will check the Name, Account Number and the Amount and certify the printout.

After the cash is balanced, all the cash credit slips and all the cash receipt print-outs will be collected. The cash receipt printouts will be stapled together and retained.

The cash credit slips should be kept for the purpose of bundling together with the other vouchers.



## **14. WITHDRAWAL OF CASH FROM SAFE**

At the commencement of the day, a sufficient amount of cash estimated to meet the requirements for the day will be distributed to the Teller(s) by the Branch Manager.

It should be noted that only serviceable notes should be used for payments. The Teller should check the labels/folds/packets of each of the bundles handed over to him and acknowledge receipt of the cash by completing an inter cashier transaction slip by placing the signature thereon. Thereafter the Teller will proceed to count the cash taken over by him. All bundles of notes should be counted by him,

For ease in effecting payments a limited amount of currency in the higher denominations may be made into folded packets. Tellers should make up folded packets to meet their requirements before the office is opened for business.

## **15. IDENTIFICATION OF SAVINGS CUSTOMER**

NIC / Valid passport / Valid Driving license should be obtained to identify the customer when the withdrawal presented is for Rs 5,000/- or more. (NIC or Passport Number should be available in the system's customer profile for verification)

In the event of any doubt or suspicion the Savings customer should be referred to the Manager to explore the possibility of identifying persons who has submitted the Savings withdrawal beyond reasonable doubt

## **16. CHECKING WITHDRAWAL FORM**

The Teller and relevant officials should adhere to the following guidelines when accepting and effecting payment on Savings Withdrawal form.

- a) The amount in words and figures should agree.
- b) Should be dated
- c) Account number and name of account should be stated
- b) The Savings Withdrawal should be signed by the drawer. The Teller should verify the signature before payment against the scanned signature in the system or the signature on the pass book recorded in invisible ink. In case of any doubt refer the Savings Withdrawal to an authorized officer for approval.
- c) Any material alteration on the Savings Withdrawal should be authenticated by placing the full signature of the account holder next to the alteration

## **17. ENTRY IN TO THE COMPUTER SYSTEM**

The Teller should verify the signature in the Pass Book (Under the UV Light) or stored in the system and the availability of funds to meet the withdrawal. If the signature tallies, funds are available and if the amount is within the authority of the teller in the system he could upload the withdrawal on to the system.

If the amount of the Savings Withdrawal exceeds limitations placed in the system for the Tellers he shall refer such Savings Withdrawal, Pass Book and the documents of identity, to the executive in Charge Savings Accounts who should also scrutinize the Savings Withdrawal as indicated above for regularity

Once the Savings Withdrawal is approved for payment by the Officer by placing his signature in the “PAY CASH” seal. Three higher officers will validate the Savings Withdrawal and thereafter proceed as follows.

## 18. MAKING PAYMENTS

- (a) The Teller shall call out the name of the account holder.
- (b) The Teller shall hand the Savings Withdrawal slip back to the account holder to place his signature once again on the reverse of the Savings Withdrawal in the presence of the Teller in the space provided in the slip.
- (c) The Teller shall compare this signature on the reverse of the slip with the signature of the customer on the face of the withdrawal and satisfy himself that the two signatures are similar.
- e) The Teller should post the particulars of the Savings Withdrawal i.e. account number, serial number and the amount of the Savings Withdrawal on the computer terminal and ensure that funds are available to meet the withdrawal.
- (d) When payment is made the teller shall place the denomination stamp on the reverse of the Savings Withdrawal and list the respective value of each denomination of currency notes in which payment is requested. The Teller will total this list and if the total agrees with the amount on the face of the Savings withdrawal, he will proceed to pay out the cash in accordance with the list entered in the denomination stamp.

## UNDER TELLER’S APPROVAL LIMIT

(System Controlled)

Teller limits are controlled through the system and will prompt the need for the authorization by higher authority to process such withdrawals.

Note: - As at end of the day the Savings Withdrawal will be handed over to the Officer in Charge, Savings Accounts with the Cahier’s Scroll Printout for re-checking withdrawals paid by the teller against the related limits of authority

## 19. CASH DEBITS (*In House Transactions*)

Cash is withdrawn for the Company’s internal business purposes through the medium of cash debits. Generally, these debits will be made to an expense account.

**NOTE:** - Cash Debits should be supported with copies underlying documents / bills as appropriate.

A Teller to whom a cash debit is presented for payment should examine such debit for the following features:

- (a) The name of the Internal account (General Ledger Account) to be debited should be clearly and correctly written. In case of any doubt, the Teller Concerned should refer the debit to the Branch Manager who has authorized the debit.
- (b) The purpose of the withdrawal should be stated briefly but adequately in the space provided.

- (c) The debit should be passed for payment by an authorized officer and also countersigned by an 'A' Class Officer whose signatures the Teller should be able to identify.
- (d) The amount in words and figures should be clearly stated and NIC number if payment is for a service provider/ supplier.

When effecting payments on cash debits the Teller should satisfy himself as to the identity of the person to whom the cash is paid. Thereafter the Teller will pay the cash in the manner described for the payment.

Person to whom cash is paid should acknowledge receipt of cash as provided in the slip and the related denominations recorded on the reverse of the slip.

Payments should be recorded in separate register and the entries there in should be authenticated by the Manger and the second officer

In case of slightest doubt in regard to the authenticity or regularity of a cash debit, the confirmation of the Branch Manager who has signed the debit should be obtained before payment is made.

## **20. BALANCING OF CASH**

At the close of business for the day the Teller will obtain the print out "CASH TRANSACTION LIST" report li which all payments and receipts made by the Teller will appear segregated as under Savings / General Ledger as appropriate.

The Teller should ensure that his signature appears with the seal "Pay Cash" on every paid savings withdrawal. In the case of deposits, the Teller's signature should appear on all credit slips as provided in the format. The denomination Stamp duly completed should appear on the reverse of all cash debits and credits.

The Teller should enter the balance cash in the order of the denominations at the bottom of the above printout and the total amount of the cash held should be equal to the net balance shown on the counter cash transaction printout referred to above

Once the cash has been balanced as aforesaid, the Teller will proceed to bundle / bag the cash in the manner provided under subsection 'Handling of Cash' with regard to bundling of currency notes.

**NOTE: -** Any incomplete remaining bundles should be recounted by the Teller concerned and fresh labels attached.

## **21. CONSOLIDATION OF BALANCES**

When the Branch assigns more than one teller to the counter then one of the Tellers will be designated as the Chief Teller. One of the functions of the Chief Teller will be to receive the cash returned by the Other Tellers and consolidate the amounts received and balance the cash in hand position for the Branch as at the close of business for the day.

The Chief teller and the Tellers detailed for this work should follow the under-noted procedure.

- a) Balance cash handed over by the Tellers working at the counter (other than full bundles and packets for which labels have been attached by the Tellers), should be counted and amalgamated into as many standard bundles as possible and duly labeled.
- b) Any residual balance should be recounted and labeled.
- c) Cash returned by each Teller will be listed in the order of denominations in a Scroll Book and totaled, and the final total will represent the cash in hand for the day.
- d) The folds and packets in every bundle of notes should be checked and the labels countersigned in the place indicated. In addition, they should ensure that all completed bundles of all denominations are sealed with wax and stamped with the Branch Seal.  
Thereafter the total amount in each denomination of currency notes will be listed in the order of denominations in the Cash Balance Book.
- e) Any cash consisting of full bundles and bags of coins which are transferred to the reserve cash will be excluded from the running cash and entered in the Cash Reserve Register under the appropriate denominations. The balance appearing in the Cash Reserve Register will be indicated in the Cash Balance Book as well.
- f) Prior to bundling the currency notes for transfer to the reserve cash the Chief teller should record the serial numbers of a few notes from each bundles of currency notes in a Bait Money Register in order to assist in the investigation and identification of cash in the event of any robbery.

## **22. CHECKING OF CASH AS AT END OF DAY**

The physical cash in hand as at the end of the day will be checked by two authorized Officers one of whom should be the Branch Manager. The two officers checking the cash should satisfy themselves that: -

- Each bundle of notes in the running cash as well as those bundles that are to be lodged as Reserve Cash contain the correct number of folds and packets and are properly labeled and sealed where necessary.
- Each bag of coins in the running cash as well as those bags that are to be lodged in the reserve have been correctly labeled and sealed.
- The amounts of the notes and coins to be lodged in the vault/safe have been duly entered in the order of denominations in the Cash Reserve Register and the balances correctly extended.
- The cash in hand as at the end of the day has been correctly listed and totaled in the Cash Balance Book.
- The two officers should sign the Cash Balance Book in the space provided.
- The Keys to the cash drawers at the counter, used by the Teller should be collected, put in a cloth bag tied and be placed inside the Bag / trunk containing the running cash.
- If a trunk is used it should be locked with a pad lock and the key held in a safe/vault which is under dual control.
- The reserve cash should be arranged neatly in the cash safe/vault and the total in each denomination of currency notes physically verified against the corresponding figures recorded in the Cash Reserve Register which should be authenticated with the signatures of the two officers checking the cash.
- All alterations to the Cash Balance Book / Cash Reserve Register should be duly authenticated by the Branch Manager and his assistant by placing their signature.

## **23. LOCKING OF CASH IN THE VAULT/SAFE**

The two key holding officers and the designated Teller (Chief teller) should accompany the cash to the vault/safe and ensure that the entire cash is locked safely therein.

The running cash and the cash to be transferred to the reserve should be checked and lodged inside the cash safe/vault as soon as the cash is balanced.

Both Officers should standby until the vault/safe is locked and the time lock is set by the Officer in Charge and the combination broken.

## **24. TIME LOCK**

Time lock is a deterrent to open a safe/vault and should be operated not only when the Branch is closed but also during business hours on a staggered basis.

## **25. SURPRISE CASH VERIFICATION**

The Branch Manager should carry out physical verification of cash on a regular basis and at least once a fortnight. Regular physical verification of a surprise nature reduces the risk of irregular practices /frauds.

The Branch Manager should ensure no one else in the Branch knows when the verification will be carried out. Also carrying out the foregoing activity on a particular day of the month will eliminate the surprise nature of the verification.

When such verification is carried out the Manager should make an entry on the Cash Book folio of that day in confirmation of having carried out the surprise verification and state (Cash Position Verified as at,,,,,,,,,,,,,by me” and place his signature with the date below the signature.

## **MISCELLANEOUS**

### **26. RESPONSIBILITY FOR CASH**

The Teller will be held responsible for the correctness etc. of the cash counted by him. In the event of a shortage, such Teller will be held liable to make good the shortage. The Teller will also be held responsible for any shortage detected in his till when the balancing process is carried out after receipts & payments as at the day end.

### **27. LIMIT OF CASH THAT CAN BE CARRIED ON THE TELLER’S PERSON**

No member of the Cash Department who is responsible for the handling of cash should carry on their person, while on duty, cash belonging to them in excess of Rs.5,000/- without submitting a declaration. Accordingly, a Teller holding cash in excess of Rs.5,000/- should submit a declaration to the Officer-in-Charge of Cash / Branch Manager.

A record should be maintained in a Note book suitably ruled for this purpose giving particulars such as the date, amount, name of Teller and column for Officer’s initial and for the Teller’s signature, when the declaration is made by the Teller.

## **28. INTER-CASHIER TRANSACTIONS**

Whenever a Teller hands over any money to another Teller, he must enter the details of the transaction in the Inter-Cashier Transaction Slip (ICTS) which is in duplicate. The Teller taking over the money should count the money and sign the slip in acknowledgement thereof and retain the original of the slip. The duplicate will be retained by the Teller handing over the cash. This transfer should be approved by the Officer-in-Charge of Cash.

Inter-Cashier Transactions should be kept at a minimum and resorted to only if adequate amount of cash is not available with the Teller or a particular denomination is not available to affect the payment.

## **29. CASH EXCHANGE**

When a customer requires money to be exchanged for other denominations, details of this transaction should be noted in a blank sheet & attach to the Voucher Bundle.

## **30. RESERVE CASH**

Cash in excess of the daily requirement will be lodged in the vault/safe. Such cash is referred to as 'Reserve Cash' to distinguish it from the 'Running Cash' which is used for the Bank's daily requirements.

A cash Reserve Register will be maintained for cash held in the vault/safe and all entries therein should be authenticated by the Manager/ Asst. Manager and the Officer-in-Charge of Cash.

The Reserve Cash should be arranged according to denominations and each denomination of currency notes should be segregated, so as to facilitate the checking of this cash with the minimum of delay.

## **31. RUNNING CASH**

The Cash that is utilized for the Bank's daily requirements is termed 'Running Cash'.

In large Offices, the 'Running Cash' is controlled by the Chief Cashier or by a Senior Teller who will distribute the cash needed for payments or required to be sorted and consolidate the balances returned at the end of the day.

The Chief Cashier or the assigned Senior Teller will also undertake and/or supervise the preparation of Special Requisitions (Payment Orders). They will hold the keys to the boxes /trunks/cabinets in which the Running Cash is stored

## **32. CASH PAYMENT ORDERS**

Customers should be advised that requisitions for cash payment orders i.e. when payment is required in specified denominations, the requisitions should be submitted at least a day in advance and the cash payment orders should be prepared on the day prior to the date of delivery enclosed in a bag or large envelope indicating in a label the: -

- Name of the customer
- the amount paid
- Signature of the Teller who prepared the order.

This procedure would prevent any large excess payment being made. The value of the order should be included in the Cash Balance Book. In the event payment is required on the same day, the requisition is submitted, the cash should be checked by the Branch Manager Chief Cashier/Cash Officer prior to effecting payment. In all cases, the denomination stamp should be placed on the reverse of the Savings Withdrawal, the denomination of currency notes paid should be written and the total amount should be ascertained and verified with the value of the Savings withdrawal prior to effecting payment.

### **33. LARGE DEPOSITS/PAYMENTS IN COINS**

In Branches where the intake of coins or the demand for them is large, a Teller should be assigned to handle the coins. He will attend to the large deposits and / or payments in coins. Complete bags of coins, i.e. bags containing the standard quantity of coins in a particular denomination, should not be kept with the Running Cash for more than one day. Such bags should be lodged in the vault /safe as at the close of business on the date of receipt or on the next working day.

### **34. BAIT CASH**

In order to safe guard the interest of the company in case of hold up a "bait cash" bundles should be maintained in the teller cash & Reserve Cash. This cash bundle (Say Rs.50,000/- bundle of 500/notes or 100,000 /-bundles of 1,000/- notes) should not be used for transactions and should be kept with teller cash or Reserve cash continually.

This list of numbers of notes held as "bait cash" should be kept in the safe and maintained.

### **35. TRANSPORT OF CASH**

For reasons of security, Branches should maintain their cash holdings at the minimum level estimated to meet their requirements. The excess cash should be deposited at the Bank where the Branch Current Account is maintained. The transport of Cash should be carried out in the following manner: -

- Cash should be transported in sealed Bags/Trunks
- Two permanent staff members one of whom should be an "A" Class Officer should accompany the cash, in addition to the vehicle driver.
- Staff must be provided with emergency instructions, mobile phones for communication, contact telephone numbers and a basic First aid kit
- The Vehicle for transport should be sturdy vehicle from a reliable party
- Cash should be transported at different times.
- At the time of cash transport all Insurance warranties & covenants should be strictly adhered to. In instances where cash held is in excess of the Insurance cover, the excess amount should be insured on the same day coordinating with the Head of Finance Department.

As a counter security measure, it is required that regular changes are affected in: -

- Time
- Vehicle
- Route
- Exit, if more than one in the building

- Cash-box, Brief Case etc.
- Personnel transferring the cash,

### **36. MUTILATED NOTES**

Mutilated notes tendered by a customer or a well-known party may be accepted by our Branches for exchange at the Central Bank of Sri Lanka or deposit at the Bank the Branch is maintaining their Current account. Special care should be taken in the acceptance of these notes as the Central Bank may not necessarily pay the full or even part -value of these notes depending on their conditions

The person tendering the mutilated note should be directed to the Branch Manager Officer-in-Charge of Cash who will decide whether the full value for the note could be given. In case of doubt reference may be made to the Manager. The decision on whether full value could be given or not would depend basically on the extent of mutilation. However, the Manager may use his discretion depending on the standing of the customer/party concerned. It should be borne in mind that in the event of the Central Bank of Sri Lanka not paying the full value of the note, the amount should be recoverable the customer/party concerned.

The mutilated note should be pieced together face upward and pasted on a blank white paper which should be trimmed to the size of the note. The Branch Stamp should be placed on the reverse and the signature of the Officer accepting the note placed within. The name and A/c No. or the address of the customer or the party concerned, should also be written on the reverse.

Thereafter, the following procedure should be adopted.

Where value has been given, the note should be taken into the cash balance of the Branch under 'Sundries'. The notes should be arranged in the order of denominations, bundled together and suitably labeled. The label should be signed by the Teller who bundles these notes.

The total of the sundry notes should be entered each day in the appropriate column provided in the Cash Balance Register

These notes should be forwarded to Central Bank or deposited at the Bank where the Branch is maintaining their Current account. For this purpose, the notes should be arranged in the order of denominations with the largest denomination at the bottom. A summary of these notes should be entered on a label marked "Sundries" and the label placed on top of the bundle of notes and signed by the Teller concerned and the Cash Officer. Thereafter the bundle should be tied up and sealed with the Branch Seal.

When mutilated notes are rejected by CBSL the value of such unpaid notes must be recovered from the customer/party concerned.

### **37. WILLFULLY MUTILATED NOTES**

Willfully mutilated, altered or defaced currency notes should not be accepted. (Writing on the face of the currency notes such as phone number, names etc.)

### **38. EXCESS/SHORTAGES**



When any shortage or excess is discovered in any bag or bundle of cash or in the loose cash in the custody of a Teller, the following procedure should be adopted.

- Such shortage or excess should be reported immediately by the Teller concerned to the Branch Manager / Officer-In-charge
- Bundles or Bagged Cash If the shortage or excess is discovered in any bag or bundle of cash, the cash in such bag or bundle should be counted by the Manager/Asst. Manager or the Officer-In-Charge with the assistance of persons selected by him. The correct value of the cash contained in that bag or bundle should be written on the reverse of the relevant label and this should be authenticated by the Tellers who had taken part in the checking. If it is suspected that excess or shortage might be compensated by a corresponding difference in any other bundle/s or bag/s counted by the same Teller, such bundle/s or bag/s should also be counted by the Tellers and authenticated as aforesaid.
- Finally, when the excess or shortage has been established, the under mentioned procedure should be followed.

### **39. EXCESS**

- a) The defective bag or bundle should be re-made to contain the correct value applicable to the particular denomination and fresh label attached, duly authenticated by a Teller in accordance with the normal regulations. This bag or bundle may be released for payments. The amount of the excess should be credited to the Suspense Account – Creditors. If a valid claim is not made within a period of five working days, the excess amount held in the Suspense Account –Creditors should be transferred to the Cashier's Excess & Shortages Account.
- b) If the excess is Rs.1,000/- or less a record should be made in the folio of the Cashier's Excess & Shortages Register indicating the name of the Teller responsible.
- c) If the excess is over Rs.1, 000/-, the Manager should also submit a report on the excess to the Head of the Audit Department and to the DGM handling the subject (Administration). A letter of explanation from the Teller responsible should be attached to the reports.
- d) After a period of 03-month, amount in Chief Cashier Excess Cash should be transferred to Unclaimed Balances account, if there are no claims for such monies within next 12 month then it should be transferred to Head Office Finance Department having obtained their approval

The following details shall be furnished to seek to transfer the amount.

(Related date when the Excess Cash discovered Teller's Name reason & such other data required by Head of Finance.)

### **40. SHORTGAGE**

In the event of a shortage, the relative label of the cash bundle should be retained by the Manager. If the shortage is more than Rs.1, 000/-, the Manager should submit a report to the Head of the Audit Department and the DGM (Administration) with a letter of explanation from the Teller responsible for the shortage. Recovery of the shortage should be determined by the DGM in consultation with CEO/Executive Director

When a shortage/excess has occurred, Manger should arrange to have the entire 'Running Cash / Reserve Cash' counted as considered appropriate.

#### 41. LOOSE CASH

If the excess or the shortage occurs in the loose cash in the custody of a Teller at the counter, the undernoted procedure should be followed.

- 1) The entire cash in the custody of that Teller should be counted, labeled and authenticated by the Tellers associated in the counting.
- 2) The Cash Teller Log Report and vouchers should be scrutinized.

Once the shortage or the excess has been established, the undernoted procedure should be followed.

In the event of a shortage that exceeds Rs.1, 000/-, the Manager should submit a report to the Head of the Audit Department to which should be attached a letter of explanation from the Teller concerned. A copy of this report and the letter of explanation should be forwarded to the D G M (A d m i n i s t r a t i o n ) . The Teller should be advised to make good the shortage and if he is unable to do so, approval should be obtained from SDGM to debit Suspense Account-Debtors. In the event they are unable to recover the amount from the Teller concerned, the matter should be reported to the CEO /Executive Director through the Head of the Human Resources Division for his instructions.

In the event of an excess, the amount in excess should be credited to Suspense Account –Creditors, against the possibility of a customer making a valid claim for the exact amount. If the excess remains unclaimed for five working days, this money should be transferred to the Cashiers Excess & shortages Account.

If the excess is Rs.1, 000/- or less, a record should be made in the folio of the Cashier's Excess & Shortages Register stating the name of the Teller responsible. If the excess is over Rs.1,000/- the Manager should submit a report to the Head of the Audit Department and the Chief Manager-Systems & Operations.

**Under no circumstances should the Cashier's Excess & Shortages Account be debited with cash shortages without the prior approval of the CEO/ executive Director**

**42. REPORTING TO POLICE (SHORTAGE OF CASH)**

In the event of a shortage of Rs.10,000/- or more and if a fraud is suspected, a complaint should be lodged at the Police Station after obtaining prior approval from the CEO/ Executive Director

In order to the Branch Managers may not be called upon to attend at inquiries to avoid to interrupt their work, it is suggested that the person who informs the Police of the loss should be the Teller himself who declares the loss. The Branch Manager should obtain from the Teller a copy of the extract of the statement lodged at the Police Station and forward it to the Head of the Audit Department and CEO. Executives Director.

#### 43. FRAUDS INVOLVING CASH TRANSACTIONS

If a fraud occurs at any Office, the Manager should inform the CEO/Executive Director and the Head of the Audit Department immediately by telephone and thereafter carry out a preliminary investigation and forward the report with the observation of the Branch Manager to CEO/Executive Director.

CEO/ Executive Director will instruct the internal audit department to conduct a detailed investigation and report. The report should be forwarded to the Head of the Human Resources Division who shall submit the report immediately to the CEO/ Executive Director to decide on action to be taken and if deemed necessary complaint should be lodged at the Police Station after obtaining prior approval from the CEO/ Executive Director.

If a fraud is detected or even suspected, all material evidence that will be required for purpose of investigation should be sealed and kept in the custody of the Branch Manager, pending instructions from the Head of the Audit Department.

#### **44. ACCESS TO CASH DEPARTMENT/ COUNTERS**

Due to security considerations the access to Cash Dept., should be restricted to authorized staff only. The Cash Dept., should therefore be separated from the other Depts., by way of a cubical and the access door kept locked at all times.

#### **45. CASH TELLER DRAWERS**

The drawers should be provided with sturdy locks, and should be locked whenever the teller leaves his counter.

The duplicate keys should be held in safe custody under dual control. The original key should be held by the relative Teller during the day and left in the running Cash Bag at the end of day.

Repairs to the drawers/ replacement of locks should be carried out as a matter of urgency & under no circumstance the cash be held in broken drawers or where the lock is not functioning.

#### **46. COUNTERFEIT NOTE**

##### **• Know Your Notes**

Maintaining public confidence in currency is one of the main responsibilities of the Central Bank. Accordingly, the Currency Department of the Central Bank has improved security features of currency notes during the recent years under review to make it more difficult to counterfeit. Nevertheless, the Central Bank conduct awareness programmes on security features of genuine currency notes to enhance knowledge of law enforcement officers, cash handlers, students and the general public to enable them to distinguish between genuine currency notes and counterfeits. Head of Human Resources should arrange to nominate our staff to participate at such awareness programs

The risk of counterfeiting is more prominent in higher denomination currency notes. It could provide a convenient means for money laundering and underground economic activities. However, these drawbacks can be addressed effectively to a large extent by taking precautionary measures.

As a precaution, to identify the counterfeit note when it's come to the counter, the option of indicating the counterfeit notes in the Cash Counting Machine should be kept always on.

### • Dealing with Suspicious Money

Counterfeiting is an offence under the Monetary Law act No.58 of 1949 and is punishable with imprisonment or a fine or both, under Sections 478 A-D of the Penal Code.

- **What to do if you suspect that you have been offered a counterfeit note during a transaction:**
- Compare the suspected note to one which you know is genuine      Look at more than one security feature      Retain the suspected counterfeit note
- Record any details about the person(s) who brought the counterfeit note
  - Physical description
  - Vehicle information
  - Where the person was last seen
- Record the details about the currency note
  - Denomination
  - Serial number

Accordingly, if the Teller comes across a counterfeit currency note inform the Branch Manager who should immediately contact the CEO/ Executive Director / DGM (Administration and Operations) Immediately for further instructions with regarding to reporting Police Authorities & Currency Counterfeit Bureau of CID.

### **47. . CONTROL OVER OF SAFE / VAULT KEYS**

AN EXECUTIVE WHO HAS HANDLED A KEY TO A PARTICULAR SAFE / VAULT OF THE COMPANY SHOULD NOT TAKE OVER THE OTHER KEY OF THE SAME SAFE / VAULT IN HIS /HER ENTIRE CARRIER IN THE COMPANY.

Arrangements should be made to lodge the duplicate keys with the nearest branch of our bankers in a safe deposit locker placed in a packet duly sealed

### **48. CUSTODY OF VAULT KEYS**

**A key register should be maintained under the custody of the Branch Manager to record the movement of keys ensuring the following**

- (a) **1<sup>st</sup>. Key** should always be held by the Branch Manager and he / she is prohibited from handling the **2<sup>nd</sup> key** of the same safe/ vault
- (b) The Assistant Manager will be responsible to hold the **2<sup>nd</sup> key** to a safe/vault and he / she is prohibited from holding the **1<sup>st</sup> Key** of the same safe /vault.
- (c) When any of the executives stated above takes leave the above process will apply to those to whom keys are handed over and taken over.
- (d) In the event a key holder not been able to report for duty due to sudden illness or such other valid reason beyond his control he/she should notify either the Branch Manager or the Assistant Manager (The person holding the other key) as the case may be immediately. The officer receiving the message should request a staff member who has not handled the other key to meet the indisposed staff member at his residence and collect the key having completed the key receipt format and

thereafter update the key register. (Please refer General Circular No 2022/06 dated 7<sup>th</sup> April 2022 on the subject “Dual control of Keys”)

#### 49. KEY RECEIPT

The key receipt as provided should be completed and forwarded to the Head of Audit when keys are handed over and when the process is reversed by handing back, as per existing requirements

#### 50. Safe / Vault Combination

- Safe / Vault combination should be maintained and operated by the Branch Manager only
- The combinations should be changed periodically
- The combination (details) should be recorded and placed in a sealed cover and lodge in the Safe with the duplicate keys as stated above.
- When the Branch Manager takes leave, he should disable his combination and the Executive taking over should set his combination to operate during the period he is acting for the Branch Manager.

#### 51. VAULT ATTENDANCE REGISTER

A register should be maintained to record the details of those who enter the vault on a daily basis as follows: -

- (a) Date
- (b) Name
- (c) Designation
- (d) Purpose for entering the vault
- (e) Entry Time
- (f) Initials
- (g) Exit Time
- (h) Initials
- (i) Authenticated by Branch Manager

This register should be kept inside the vault after the entries are authenticated by the Branch Manager

#### 52. POST DATED CHEQUES

All Post-dated cheques should be either entered in the system or in the “**Post Dated Cheque Deposit Register**” as soon as the cheque is received. Issue a receipt to the customer,

The registrar should disclose the following details

##### POSTDATED CHEQUES IN HAND REGISTER

Date Received	Name of Borrower	Name of Bank & Branch	Cheque Number	Value Rs	Due date For Presentation	Date / Paid /Returned Remark if Returned	Authentication Manager & Teller

Postdated cheques should be treated as cash and held under dual control (Branch Manager and Assistant Manager) at all times filed in the order of the date due for presentation

The cheques should be presented for payment on the due date of payment, through the Branch's current account.

On realization of the postdated cheque the related recoveries should be made on the same date. If a Postdated cheque is returned by the paying Banker Branch Manager should inform Deputy General Manager (Credit) immediately and carry out his instructions.

### **Review of Manual**

This manual will be reviewed periodically to meet the operating needs of the company by the Administration and Operations Department

### **Approval sought**

We seek the approval of the Board of Directors to Adopt this Manual on Cash Operations

Recommended

**Deputy General Manager**  
**Business Development & Fund Mobilization)**

Date 29<sup>th</sup> May 2024

**CEO/ Executive Director**