

RISK CONTROL CONSULTING

Cash Drawer Theft Prevention

Since the cash register is a prime target for obvious and not-so-obvious forms of theft, you should have a range of procedures in place to govern the use of the register. More often than not, cash drawer theft occurs internally: clerks responsible for operating the drawers can potentially steal the money if given the opportunity. It's up to you to establish the controls that make it more difficult for a potential thief to succeed.



Counting-Out

In some operations, clerks are required to count-out their cash drawers. If the clerk with to steal, this process provides them with an ideal opportunity to remove funds secretly deposited into the cash drawer during the course of their shift. Taking this responsibility away such clerks will be forced to either pull the money out of the cash drawer during the shift or opt not to use the register as a place for their stolen funds.

Tip Jar Procedures

If you have a clerks' tip jar it should be placed well away from the operation's cash register or POS (point-of-sale system). If the tip jar is placed right next to the register, it is far too easy for clerks to divert stolen funds away from the register and into the tip jar. In addition, clerks should be prohibited from making change out of their tip jar or taking currency from the tip jar and exchanging it for larger denominations out of the cash drawer

Separate Cash Drawers

A fresh cash drawer with a designated amount of cash for making change should be given to the incoming cashier. No two cashiers should be permitted to use the same cash drawer during their shifts. If two or three cashiers work with the same cash drawer, it is difficult to discern where honest mistakes are made or when cash is taken. Overages and shortages do occur, but they should be minimized as much as possible by separating the drawers.

Surveillance

If large amounts of cash move through the registers, you may want to install a visible surveillance camera, which tapes the cashier's activity. There are newer, low-cost wireless monitoring cameras that are quite effective in documenting clerk and patron activities.

Customer Receipts

Cashiers should give each customer a receipt for every transaction. Since each sale needs to be entered into the register to obtain a receipt, this is a simple control to discourage the cashier from pocketing the cash on an exact change transaction. This transaction method also prevents the clerk from under charging for an item and pocketing the difference. Customer are likely to notice and call attention to a receipt showing that they paid less for an item than they were actually charged.

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Approval of Discounts and Voids

The store owner or shift manager should approve and sign all voids and over-rings. This procedure will allow more opportunity to monitor the cash process. This also prevents a cashier from writing out a phony over-ring and removing an equal amount of cash from the drawer. Additionally, the owner or shift manager should ring up all employee purchases. This practice will prevent employees from abusing an employee discount through under charging the price of an item.



Price Display

Make sure *customers* can see the amount rung up on the cash register. If the display is turned away from their view or is covered, this could mean the cashier may be under-ringing purchases in order to pocket the money later.

Receipt Tape

Cashiers should immediately replace register tapes that run out. It's easy for a dishonest cashier to let the tape run out, and then simply avoid ringing up a few sales in order to pocket the cash. In this case, the store has no record of the transaction and there's no way of identifying the theft.

Excessive "No-Sales" and "Voids"

No-Sales can be used as a way of opening up the cash drawer when there is no one around to take out money and pocket it. Too many voids could indicate that the cashier is cancelling sales that actually occurred in order to pocket money.

No-Sale Policy

One of the more uncomplicated methods of theft involves a clerk selling a retail item and depositing the proceeds into the register using the "no sale" feature. Since the sale wasn't rung into the register, the clerk need only remove the stolen proceeds from the cash drawer when safe to do so. The best preventive measure against this type of theft is to restrict the use of the "no sale" key. A way to control theft through use of the "no sale" key is to implement a "we don't make change" policy unless the customer makes a purchase of some kind.

Verifying Cash Drawer Counts

If each employee has a separate cash drawer you can require that they count all cash on-hand at the start of a shift and sign the register tape. The sales tape and cash in the drawer should balance. This practice will prevent the clerks from claiming that their opening bank was either over or under the prescribed dollar amount.

Overage Tests

Periodically place an extra \$10 bill in the clerk's drawer before his/her shift and see if he/she informs you of the cash overage. It is one way to verify if the clerk is counting his/her drawer accurately prior to the shift, and can potentially give you a sense of the clerk's integrity.

POS (Point-of-Sale) System

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The cash drawer should always remain closed between transactions. Allowing the drawer to remain ajar will completely negate the primary control function of the register. While clerks should have access to the key that turns the register on, they should not have access to the keys that activate the "z" (end of shift summary) reading function.

Appearance of Register Area

The register's LCD should face the public in a way that anyone can observe what is being entered into the system. The area around the register should remain clear of clutter, such as books, manuals, or stacks of paper that can be used to hide money.

POS Passwords

Ensure that all management passwords are kept safe and secure from the clerks. This will prevent clerks from being able to open reports and learn their shift sales.

End of Shift Reading

When a shift ends the manager should immediately perform an end-of-shift reading on the register or run a sales report of the POS and pull the cash drawer out of the machine. If the clerks are stealing and using the cash register drawer for stolen funds, this procedure forces them to withdraw the money during the shift which will minimize their privacy.

Mid-shift Readings

Regardless of whether a clerk is suspected of stealing, the manager should clear the register by taking a midshift reading or run a sales report on the POS and replace the cash drawer with a new bank. If the clerk has deposited unaccounted funds into the register for later removal, the cash drawer count will be "over" when compared with the cash register's sales totals. One important element of the strategy is to periodically conduct two midshift readings during the course of a shift. This will prevent predictability: the clerks will never be certain which nights you'll take two readings, making it riskier to use the cash drawer for stolen money.

Termination

Send a message loud and clear to your staff that theft will not be tolerated. While you might not want to pursue criminal action against a clerk for embezzlement or a similar crime, documented theft is always grounds for immediate termination.

This Tribal First Risk Control Consulting fact sheet is not intended to be exhaustive. The discussion and best practices suggested herein should not be regarded as legal advice. Readers should pursue legal counsel or contact their insurance providers to gain more exhaustive advice. For more information on this topic, please contact Tribal First Risk Control Consulting at (888) 737-4752 or riskcontrol@tribalfirst.com.