

防貪錦囊  
Guidelines for Corruption Prevention

best practices



Sales Receipts Administration

Corruption Prevention Department

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# SALES RECEIPTS ADMINISTRATION

## Introduction

Common malpractice in retail business includes non-recording or cancellation of transactions to pocket sales income, credit card fraud and fiddling with clients' cash discounts and sales deposits. Such abuse, which often involves collusion among staff and corruption, will bring upon the company or organization serious losses, hurting both its profits and reputation.

This Best Practice Module aims to provide a checklist of good practices in controlling sales transactions and administering sales receipts. The measures recommended below are by no means exhaustive and should be tailored to meet the specific needs of individual companies or organizations.

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## Policy and Procedural Guidelines

Clear written policies and guidelines that help ensure consistency in practice are important means to minimize abuse and corruption opportunities. These guidelines should include:

- the levels of authority and their corresponding responsibilities in different functions;
- sales management and control procedures, including procedures for handling sales deposits, sales cancellation and refund; and
- a statement on the company/organization's commitment to ethical practices.

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## Segregation of Duties

Segregation of duties provides necessary checks and balances in preventing abuse and corruption. Hence, major functions such as customer sales, cash collection, cash refund, and stock control should be handled by different staff members as far as practicable. To further prevent collusion among compromised staff, sales personnel should be rotated where possible.

Computer-based systems should also have functional segregation and appropriate information security measures in place to prevent data manipulation. One important measure is to restrict access to data on a need basis. This restriction is particularly important to protect the security of central inventory database and the related financial accounting database.

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## Recording of Sales Transactions

All transactions should be recorded promptly and supported by a receipt or voucher. The entry should contain details including the name and staff code of the person responsible and the voucher reference, to facilitate identification of a particular transaction.

A wrong entry or cancelled transaction in record books should not be erased but corrected by striking it out with the correct one written by its side, or by creating appropriate reversal and correction entries. All additions, deletions and corrections should be endorsed and signed by an authorized staff member.

Companies using magnetic coding or other automated systems should use the audit trail function to make verification checks to ensure the sales and stock records input are correct. Amendments of computer entries should be approved by a supervisor.

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## Control of Sales Memo

Sales memos are used to record sales transactions and serve as sales receipts to customers. As such records facilitate audit checks, they should be serially numbered, pre-printed and kept in an orderly manner. The serial number of a sales memo generated by the cash register should also be in sequential order (a cash register reference should be included if more than one register is in use).

A sales memo should provide sufficient details of a sales transaction and copies should be given to the customer, store and accounts department for record. The details should include:-

- the privilege card holder's name and card number (to facilitate checking of discount given);
- description of goods, quantity sold, unit price, discount and net price;
- the staff codes of the cashier and sales person; and
- sales deposit and outstanding balance, if any.

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### *Checking upon Issue*

The cashier should double check the amount stated on the sales memo before collecting payment and finalizing the sales transaction.

To prevent unrecorded sales, a notice should be put up at the sales floor to remind customers to ask for a sales memo which could serve as proof for after-sales services (such as exchange, refund and warranty service).

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### *Cash Register*

To ensure accountability and safe custody of cash/credit card vouchers, only designated staff members should be allowed to operate the cash register.

CCTV with tape-recording facilities should be installed to monitor cash handling. Supervisory staff should regularly review the tapes to deter and detect malpractice.

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### *Day-end Checking*

At the end of the day, copies of sales memos for the store and accounts department should be separately batched. The store manager should check the sequential order for any missing sales memo and conduct random checks on selected transactions against the till roll records. Any cancelled sales memo should be filed for record.

If a cash register is used, a copy of the till receipt should be attached to the customer's copy of sales memo to certify the amount received. The cash register should also maintain a separate till roll copy for checking against the sales memo at the end of the day.

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## Sales Deposit

Sales deposit is commonly accepted when a customer places an order for goods not available at the store, or does not have sufficient fund for full payment on the spot. Sales deposit should be accounted for as advance receipt of payment. To prevent fiddling of sales deposits, the following measures are recommended.

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## *Recording Deposit*

Serially numbered receipts should be used to record sales deposits showing the following information:

- total sales amount;
  - discount given as at the date of sales;
  - amount of deposit received;
  - outstanding sales balance;
  - customer details (name and telephone number); and
  - deposit forfeiture date.
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## *Deposit Forfeiture*

While the deposit forfeiture date is shown in the receipt issued to the customer, the company or organization could use a register to record the details of sales deposits to facilitate monitoring of such transactions. The details should include the date of deposit, receipt number, amount of deposit and the outstanding balance, date of balance payment, sales memo serial number etc.

Upon collection of the goods, the customer should be required to present the deposit receipt and pay the balance before a sales memo is prepared and attached to the customer's copy of deposit receipt. In case a customer cannot produce the deposit receipt, the sales staff should check the deposit register and record the customer's personal particulars.

To monitor outstanding deposits, the accounts department should prepare a list of these deposits showing the expired forfeiture dates for management review. The store could check with the customers upon the expiry of the forfeiture dates. The deposits should only be forfeited with the approval of the store manager.

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## Sales Cancellation

Sometimes, transactions have to be cancelled (e.g. a customer has changed his mind after the cashier has input the sales data) but this could create opportunities for manipulation because the customers' payments could be pocketed by cancelling transaction records. To prevent malpractice, the cash register should be programmed to only accept cancellation of transactions by a password entrusted with a senior staff member (e.g. the store supervisor). If the password is shared among supervisors, the supervisor approving the cancelled transaction should sign both the till roll and the sales memo. A summary of cancellations should be prepared regularly for management review.

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## Cash Refund

Cash refund made in accordance with company policy should be subject to monitoring to prevent manipulation, such as swapping or short change of goods with the staff's connivance. Hence, any goods returned for cash refund should be recorded and randomly checked by the supervisory staff.

## Daily Sales Closing at Store

Daily closing of sales accounts facilitates early detection of fraud or malpractice, such as misappropriation of sales income, abuse of discount policy, and delay in recording sales transactions. The following are recommended steps for sales closing.

### *Cashier's Duties*

At the end of the day, the cashier should print a till roll report from the cash register and perform the following duties:

- tally the sales income with the till roll report;
- reconcile the till roll report with the daily sales report, the latter listing individual sales transactions with an analysis of the discount and sales income by modes of payment (e.g. cash, credit card, cheque, EPS, VIP card and gift coupon);
- reconcile the opening and closing cash float as follows -

	<i>HK\$</i>
<i>Change float brought forward</i>	<i>X</i>
<i>Add :</i>	
<i>Cash / cheques received today (sales income)</i>	<i>X</i>
<i>Change float replenishment received</i> <i>(Change Request ref. no. _____ )</i>	<i>X</i>
<i>Sales deposits received</i> <i>(Deposit Receipt ref. no.    to    )</i>	<i>X</i>
<i>Less :</i>	
<i>Cash / cheques banked-in today</i>	<i>X</i>
<i>Cash Refund (Refund Voucher ref no.    to    )</i>	<i>X</i>
	—
<i>Change float carried forward in the cash register</i>	<i>X</i>
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- bank in daily to prevent holding excessive cash at the store;
- batch sales documents (i.e. sales memos, deposit receipts, credit card vouchers, sales cancellation vouchers etc.) in sequential order and place the credit card vouchers in a sealed envelope before attaching them to the daily sales report; and
- dispatch the daily sales report and sales documents to the accounts department with a copy retained at the store.

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### *Store Manager's Duties*

Before endorsing the daily sales report and passing it to the accounts department, the store manager should check the following:

- the sales income and till roll report;
- the sequential order of the sales documents as shown on the daily sales report, and the accuracy of individual sales transactions;
- proper approval for sales cancellation and refund; and
- the change float balance (to ensure that a reasonable amount of cash is kept at the cash register).

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### **Management Reports**

For effective sales management, the following reports should be produced for the information of managerial staff:

- analysis of sales amount and gross profit by category of goods sold;
- analysis of sales discount by type of goods and discounts given;
- outstanding EPS and credit card receivables;

- daily change float held by each store;
- monthly report on VIP and staff accounts; and
- exception report on EPS and credit card transactions (i.e. transactions rejected by banks / credit card centres).

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## Internal Audit

Sales operations should be subject to internal audit to ensure compliance with established sales policies and procedures and to detect malpractice. The audit programme and the line of command of the internal auditor should be clearly defined.

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## Advisory Services Group

In addition to the series of Best Practice Modules, the ICAC maintains an **Advisory Services Group** to provide free and confidential corruption prevention advice to private organizations covering various aspects of their activities such as staff administration, stores management and administration of contracts. For further information, please contact the Advisory Services Group at telephone no. 2526 6363 or fax no. 2522 0505 or email address [asg@cpd.icac.org.hk](mailto:asg@cpd.icac.org.hk).



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