



Guidelines for Processing and Settling Cash Discrepancies

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BACKGROUND

Financial institutions typically use a tamper evident bag (TEB) to clear surplus cash among themselves. Institutions that are members of the Australian Cash Distribution and Exchange System (ACDES) have agreed to adopt a common set of procedures for processing and settling discrepancies found in TEBs.

In their day-to-day operations, ACDES Members may at times be buying from, or selling cash to, financial institutions that are not ACDES Members, or more typically, dealing with external parties such as Carriers.

To maximise potential efficiency gains for the industry as a whole, it would be beneficial if all parties engaged in cash transactions were to adopt the same set of common procedures.

These guidelines describe the procedures now adopted by ACDES Members. Institutions that are not ACDES Members and Carriers are encouraged to adopt these procedures in their dealings with ACDES Members.

GUIDELINES

Identifying the cash discrepancy.

An institution receiving a TEB (the “*Buyer*”) will decide whether to defer opening the TEB until the cash is required, or to open it as soon as it is received. In any case, at the time the TEB is opened, the *Buyer* is to complete a fine count of the cash. Counting needs to be carried out in accordance with the *Buyer’s* internal instructions and procedures in regard to cash handling.

A Cash Discrepancy is defined as the difference between the number and denomination of cash within a TEB, counted against the “content” listed on the TEB when received at a branch or Cash Point.

Minimum discrepancy value.

In order to make a claim against the institution that prepared the TEB or (tamper evident deposit bag) TED, the Cash Discrepancy must be more than \$10, (which may be made up of notes or coins).

For a Cash Discrepancy of \$10 or less, the two affected institutions (the *Buyer* and the institution that prepared the TEB or TED), may bilaterally agree to negotiate and settle the Cash Discrepancy

Making a claim and supporting material.

For a Cash Discrepancy, greater than \$10:

The *Buyer* may make a claim against the institution that prepared the TEB by the end of the next banking business day after the TEB is opened. The claim can be made using a “claim form” designed by the *Buyer*, provided the proprietary form contains certain minimum required information set out in Appendix C2 of the ACDES Procedures. An example of a claim form showing the minimum required information is given in the document. .

The *Buyer* making the claim must provide material to substantiate the claim.

For note discrepancies, the supporting material required is the TEB and the relevant note strap if these were used. (Receiving the note straps may assist the institution that prepared the TEB to identify who prepared the TEB , and where it was prepared).

For coin discrepancies, the supporting material is the coin bag and coin bag seal.

The *Buyer* making the claim may send the claim form to the designated contact point as specified in the Appendix E2 in advanced before sending the physical supporting material. The physical supporting TED material must be forwarded to a designated contact point at the institution that prepared the TEB .

The claim for the Cash Discrepancy is to be resolved within 10 banking business days of the receipt of the claim.

Value Settlement

The Cash Discrepancy is to be settled by direct credit to an account nominated by the “recipient”. Depending on the discrepancy, the recipient may be the Buyer or the institution that prepared the TEB.

For ACDES Members, their cash discrepancy contacts, and account details are published in Appendix E2 of the ACDES Procedures. Institutions that are not ACDES Members (and this includes the Carriers) will need to decide whether they would maintain a master list of all such account details for ACDES Members as well as other non-ACDES Members.

Positive cash discrepancy (TEB contains a “surplus”)

The *Buyer* must send the surplus by direct credit to the institution that prepared the TEB. This is to be done at the same time as it notifies the latter of the discrepancy.

Negative cash discrepancy (TEB contains a “shortage”)

The institution that prepared the TEB will send the shortfall (again by direct credit) to the *Buyer* when it accepts the claim. The claim must be resolved in no more than 10 banking business days. (Refer Clause 8.2.3 (d) of the Procedures).

The institution sending the direct credit payment must provide sufficient information in the direct credit message so that the recipient can easily reconcile the payment with the claim. The institution sending the direct credit payment should also communicate with the recipient, by e-mail, advising the recipient of the amount and date of the payment, and any other relevant information to facilitate reconciliation.

A Bank Cheque (or Financial Institution Cheque) may be used to settle a Cash Discrepancy if both parties agree.

An end-to-end process flow.

The Buyer (institution receiving the TEB)

- Discovers a Cash Discrepancy of more than \$10.
- Checks the “escort database” to confirm details such as BSB number and amount.
- Send a claim (with the requisite supporting material) to the institution that prepared the TEB
- For a positive Cash Discrepancy, returns the surplus by direct credit to an account nominated by the institution that prepared the TEB as specified in Appendix E2, and separately, by email, notifies the “recipient” of the payment and relevant details.

The institution that prepared the TEB

- Acknowledges receipt of the claim and checks details of the claim, including the physical supporting material sent by the “Buyer”.
- Accepts the claim.
- For a negative Cash Discrepancy, direct credits the amount of the shortfall to an account nominated by the “Buyer”. Separately notifies the “Buyer” of the payment and relevant details.

MINIMUM REQUIRED INFORMATION TO BE INCLUDED IN PROPRIETARY CASH DISCREPANCY CLAIM FORM (APPENDIX C2)

Claim addressed to:

[the Contact designated by the ACDES Member or institution]

Address details:

(Minimum information)

Designated contact point

Street address

Phone number

(generic) e-mail address

(Additional information determined by each ACDES Member or institution)

BSB Number (for example)

Claim originated from:

[the Contact designated by the sending ACDES Member or institution]

Address details:

(Minimum information)

Designated contact point

Street address

Phone number

(Additional information to be determined by the institution sending the claim)

Name of the person sending the claim

BSB Number (for example)

Cost Centre number if appropriate

Date *(may be shown below under signatures)*

Reference number for this claim

(used later to match up with settlement by direct credit)

Details of the claim

The body of the claim form needs to say:

- *A sealed note/coin bag, said to contain [\$] in [denomination]*
- *Was received on [date]*
- *Under dual control by [names of the two officers]*
- *The note/coin TEB was **checked, no evidence of tampering** was found*
- *Unopened TEB was kept **under dual control prior to verification***
- *TEB was opened and the contents **bulk verified** under dual control*
- *Value of the consignment verified by fine count on [date] [time]*
- *By [names of the two officers]*
- *A **discrepancy** was found.*
- *The value of the **surplus** or **shortage** was [\$]*
- *The discrepancy was **confirmed by a second count.***

Evidence supplied with the claim (mandatory)

- *Tamper Evident Bag (plus note strap where available) (for notes)*
- *Coin tag and coin bag seal (for coins)*

Signed by two officers

Countersigned by (Branch) Manager

Date of the claim