

***ASSESSMENT OF CASH MANAGEMENT PRACTICE IN COOPERATIVE
BANK OF OROMIA (IN CASE STUDY OF MUGER BRANCH)***



***A RESEARCH PAPER SUBMITTED TO DEPARTMENT OF ACCOUNTING AND
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ABSTRACT

This research paper seeks to address the cash management practice of cooperative bank of oromia in Muger branch. It was address five basic research questions designed to asses cash management performance of the bank. For the purpose of the study both primary and secondary data were used, but much focus on primary data in which more information was obtained by interview and questionnaires. After the data has been gathered, it would be analysed and presented. The data analysis would be carried out based on tabulation and percentage method. Care full interpretation of analyzed information would be carried out to arrive at reasonable generalization. Ultimately the research would be expected to provide rescannable results that could help the management to take reseanable decision for their future activity.

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CHAPTER ONE

1. Introduction

1.1 Background of the Study

Cash is a medium of exchange that the bank will accept for deposit and immediate credit to depositor account that include currency and coins, personal checks, bank drafts, money order credit cards, select drafts and so on (Planket, 1986).

Cash management is one part of the financial management system. It is a proper use of an entities cash resource, since the bank play a major role in facilitating the way of financial sector operates with banks utilize. Cash is important for understanding not only banking behaviour but also for the role that the bank play in the transmission mechanism by effective cash management banks can reduce cash balance at the minimum level and at the same time customers requirement can be insured banks are business established that safeguard can be insured banks are business established that safeguard peoples money and use it to loan and investment, cash management services as the mean to keep the bank functioning by making the best use of cash or liquid resources of the bank. Therefore banks are very much interested in establishing procedure for increasing the efficiency of their management. Among the procedure carefully prepared cash forces (short-term and long term) and investment of idle cash is the major ones. (WWW. Doctor. Com 2:00 PM). Cooperative bank of oromia gives various type of service to their customers for example the mobilization of financial resources and lending the resources to the business community mobilization of financial resource arise from the fact that the amount of productive investment is very low. In order to receive financial constraints on investment financial intermediaries are expected to play a deceive role is brining about efficient way of rising the required level of funds through application of proper financial management system. There for financial managers how cash the bank should carry, the specific types of securities to issue and how mach of the firms earning to Retain versus to pay dividends, (www.com bank eth.com)

1.2 Statement of the Problem

Management is responsible for controlling and protecting of the business like inventory, receivables, plant assets and cash. Cash management is one part of financial management system that focuses on internal control and forecasting the future cash requirement. (Www. Investopedie –com.6:00 pm).

Cash is the most important element of banks day today activity. By effective cash management banks can reduce the excess cash at optimum level and ensure customers requirements. Cash management involves neither excess not deficient amount of cash on hand at right time proper cash management requires that the bank know how much cash is need as well as how much it has and where that cash is at all time. Cash management also require knowing the amounts of fund available for investment and the length of time that can be must. (Planket, 1986). Banks are increasing becoming innovative and anticipating the needs of corporate to wards standardization, enterprise resources planning integration, reconciliation, real time reporting, providing an end view as cash management value chain besides offering the ability to reach and bereached their own customers the mounting pressure from competition forces the banks to look an information technology vendor who offer better solution and services in cash management (www. Hcltech. Com. 9:50 am at local).

Even though, cash management receive a priority for financial institution especially Commercial Banks little is know on how effectively monitor its cash flow, how to accelerate collection receipt and optimize timing of disbursement, maximizing interest lelate collection receipt and optimize timing of disbursement, maximizing interest earning and properly secured investment.

There for this study tried to investigate a solution for the following basic research questions.

- What is the source of short term financing used by Cooperative Bank of Oromia?
- How the banks control cash receipt and disbursement?
- Are the banks have idle cash?
- Are the bank have cash budget?
- Is the bank posse cash shortage?

1.3 Objective of Study

1.3.1 General Objectives

The general objective of the study was assessment of cash management practices of Cooperative Bank of Oromia in Muger branch.

1.3.2 Specific Objectives

In addition the above mentioned general objective the study has the following specific objectives.

- To identify the source of short term finance in the bank.
- To asses the internal control of cash receipts and disbursement.
- To assess the bank how cash budget.
- To identify and asses idle cash its investment area.
- To compare theoretical aspect of cash management practice with in actual practice of Cooperative Bank of Oromia.

1.4 Significance of the Study

This study will benefit Cooperative Bank of Oromia in Muger Branch by identifying factors that affect the internal control over cash and suggesting possible recommendation. It also reflects the researcher cash management practice of Muger Branch with its limitation and weakness and gives possible commentive idea or solution as to how the financial manager of the banks of Muger Branch should control its cash under the proper management of cash.

1.5 Scope of the Study

Here the researcher knows that the study includes the whole banks cash management practice but time and financial constraints the researcher forced to focus on the assessment of cash management practices of Cooperative Bank of Oromia in Muger branch. After this study the community would expected to compare the cash management practice of Cooperative Bank of Oromia with theoretical aspect of cash management and it there is cash management problem give possible solution (Advices).

1.6 LIMITATION OF THE STUDY

There are some limitations that faced on this study work:-

1. Lack of experience on conducting research on the side researcher.
2. The short span of time for collecting and analyzing of questions of the data for final report.
3. Lack of sufficient finance to get all primary and secondary sources of data to do the research in well manner

1.7 Organization of the paper

This paper includes five chapters. The first chapter present the introduction part which reflecting the background, statement of the problem objective of the study, significance of the study, scope of the study, limitation of the study and organization of the paper. The second chapter deals with literature review. The third chapter deals with methodology of the study. The fourth chapter deals with data analysis and interpretation and the fifth chapter consists of conclusion & recommendation.

CHAPTER TWO

2. Literature Review

2.1 Cash Management

Definition of cash: - cash is a medium of exchange that a bank will accept that a bank will accept for deposit and immediate credit to the depositor account. Cash is any medium of exchange that a bank will accept of face value which includes bank deposits, currency, coins, bank draft and money order.

Definition of management: - is a process of setting organizing and achieving of a given management basic functions which as planning, organizing, controlling and directing that utilize human, financial and material resources. Management is a process by which undertaken by one or more persons to achieve the stated goals (Planket, 1986).

Definition of Cash management; - Strategy by which a company administers and invests its idle cash. Cash management is concerned with the managing of cash balance held by the bank for liquidity purpose and investing idle cash. Cash management is managing the cash properly to maintain the profitability of cash excess and to minimize the cash shortage risk. Cash management is generally centered on forecasting and internal control. Cash management is important for any business enterprise because cash is a means of acquiring goods and services. The management of a cash is necessary since cash constitutes the smallest portion of asset but it needs considerable time devotion for managing due to its nature of easily misappropriates in order to solve uncertainty about cash in flow and out flow and also lack of balance between cash receipt and disbursement, the firm should develop appropriate strategies for cash management. Some of the cash management strategies are the following:-

Cash planning: - Cash inflow and out flow should be planned to protect cash surplus or deficit for each period of the planning period. Cash budget should be prepared for this purpose.

Management the cash flow: - the flow cash should be properly managed the cash out flow should be decelerated and in flow relatively increase.

Optimum cash level: - The firm should be deciding about the appropriate level of cash balances. The excess cash and cash deficit should be matched to determine the optimum level of cash balances.

Investing surplus Cash:-The surplus cash balances should be properly invested to earn profits. The firm (bank) should decide about the division of cash balance between alternative short term investments such as bank deposits market securities. The idle cash management should be depend on the firm product, competition etc.

Cash is the most liquid asset and the standard medium of exchange and the basic for measuring and accounting for all other items. Cash is important current asset for operation of a business. It is the basic impute needed to keep the business running on continuous basic. It also the ultimate out put expected to be realized after a service is delivered. To be reportable as such it must be readily available for the payments of current obligation and it must be free form any contractual restrictions that limit its use in satisfying debts. In accounting cash consists of coin, currency and available found on deposit and the bank negotiable instruments such as money order, certified cheque personal and bank draft are also viewed as cash. Saving account usually classified as cash although the bank has the lead light notice is rarely demanded by banks saving account are considered as cash (keiso.etal, 2001)

2.2 Controls over Cash

Due to its easily transferability, cash is the asset most likely to be used by employees and manages. Cash is also vulnerable to theft since many transactions either directly or indirectly affects the receipt or payment of cash. The objective of internal control over cash is to be providing accurate information about cash. To avoid cash shortage and excess (idles) cash and protect cash from theft and mis use. To control cash receipt the firm, should

record the cash receipt properly and immediately deposit the cash receipt amount.

2.3 Cash Planning/budgeting /

Cash planning is a technique to plan and control the use of cash. It protects the firm by developing a projected cash management from forces of exacted cash inflows and outflows for a given period. Cash budget is a planning tool that helps the management of the business in making important decision. It is a schedule of expected cash payment and cash receipts. It results the effect on the cash position at a given level of operations. There for caste may be based on the present operation or the anticipated future operations. Cash planning in very import in developing overall operating plant of the firm. The cash planning (budgeting) may be done on monthly quarterly or yearly basis. The period and frequency of cash planning generally depend on the size of the firm and philosophy of management, cash budget is a set of formal (written) statement of management's expectation regarding sales expenses production volume and various financial transactions of the firm for the coming period. Cash budget consider as a standard at the end of the period and serve as a control devices to help management measure the firm performance may be improved. Cash budget helps to identify periods of cash surpluses. It also help the financial manager to measure the amount and duration of cash shortage and to prepare repayments schedule and it there is. Cash budget helps to prepare prepayments schedule and it there is cash shortage to finance with borrowed funds (college Accounting, P.230)

Advantages of Cash budgeting

Cash budget estimates the occurrence, amount and duration of cost and payment schedule for any needed financing. Are important tools for planning and controlling because forecasted error can be traced to the individual components of the cash budget.

Important for forecast of occurrence amount and duration of cash level overhand above the minimum desired end of month cash balances.Serves as

an integrative analytical tool for co operation of the individual components of that produce cash budget inflows and out flows are brought together and their over all impact on cash flow can be estimated (Nvel, e 1985)

2.4 Cash Controlling

Proper internal control of cash mechanisms provide management with reasonable assurance that intended safeguard are being practiced consistently. Due to its easily exposed to theft and misuse special control should be need for any organization. For the effective of cash control in an organization the following cash control method can be used as cash control principle and standards.

2.4.1 Segregation of Duties

Represent for each work different employees in order to create for each employees responsibilities and assures that one person is not made bias. For this purpose the following function should be segregated in order to maintain a proper segregation of duties.

Record Keeping Functions

Creating and maintain department records such as processing and posting transactions and cash register recording for select transactions manually and preparing cash receipt back ups (Craig 1988).

AUTHORIZATION FUNCTION

Reviewing and approving of transaction example approving invoice, refunds and other correcting entries, approving cash transfers and movement of assets should be authorized by the management the organization or the responsible person.

RECONCILIATION FUNCTION

Assurance that transactions are properly taken place. It is present at a supervisory level or by accounting office. Example comparing funds collected

to the account receivable posting comparing collections to deposits and comparing departmental records of revenue to the general ledgers.

2.4.2 Accountability

Proper accountability is present when an asset (cash) and all cash handling activities and accounted for properly documented and traceable to specific cash handle. The following functions should be performed in order to maintain a proper accountability structure.

Individual Accountability

Proper delegation of authority and responsibility means that knowing who has access to an asset and why they access. It represent when transaction are identified to a person, individual cash drawers areas signed to each handless and separate password are severed.

Cash accountability

Proper securing means knowing where asset is at all times it presents when all funds remain properly secured receipt are given to each and every customer and keys and ward are secured.

Process accountability

Proper documentation means knowing what was accrued from beginning of a process to end of a process it is resent then all transfers are well document and receipt are properly prepared and secured (Craig, 1988)

Security monitory

Means that the safety of and transport of assets are taken in its consideration and follow up proper protocols and procedures. It's present when two people are involved in handling cash, asses one properly and transported.

Transaction recording

Transaction is correct and the appropriate back up is maintained. It is present when daily receipts are reconciled to the cash register totals and the receipts

collected. Authorization and approval:- means that the proper supervisor and managing review and approve transaction. It is present when receipt issued are reconciled and when receipt issued are reconciled and when surrey cash counts are performed are performed on at least annual basis or turn over exists.

2.5 Reasons of holding cash

Banks maintain on inventory of currency to satisfy its objectives. Primarily to meet the daily currency demands of deposition, either at teller windows or author mated teller machine. It the bank know with certainly the daily flow currency from deposits and with drawers, the amount of cash required could be determine clearly. If there were on costs associated with shipments currency backs should reduce their holding of cash and increase the frequency of currency shipments. Secondly, regularly agency mandate legal reserve requirements that can be meet only by holding qualifying cash asset. Thirdly, bonks serve as a clearing house for nations checks payment system, each banks must hold sufficient balance at financial institutions so that check written by its depositors will clear when presented for payments. Finally. Banks use cash balances as to purchase service from correspondent bank (timothy etal. 1995)

2.6 Investments of surplus (idle) cash

Investment is the alterative in order to mange properly the idle or surplus cash. Banks are one financial institution which hold surplus of cash for short of time and wish to earn at least some return on temporally idle cash. The primary function of a bank is to act as a depository for its customers. Funds to meet the credit needs for its services area. The excess amount of cash hold by firm to meet its variable cash requirements and future contingencies should be temporarily sales in a national bank up sources of liquidity to meet these uncertainty flows.

Investing idle cash has two primary functions. First it is a major source of getting earnings and the other function is to provide for the bank's liquidity needs that are expected or unexpected cash needs. Investment of temporarily idle cash in selected types of marketable securities is a key element of good financial management. The following are examples of short-term money market instruments like treasury bills, commercial paper, certificate of deposit, bank deposit (Rose Stephen, 1995)

2.7 managing cash receipt and payment

Cash receipt and payment management is to assure that all cash receipts and payments of the company are properly managed for the purpose of the company.

2.7.1 Internal control over cash receipt

To assure that all cash receipts by a business organization should be recorded without any misappropriation. The system control over cash receipts takes place in two ways. The first one is cash control over the counter and cash control by mail from charges.

Internal control of cash receipts over the counter: Cash registers should be used for cash receipts and the amount written on the cash register should be visible to customers. There should be pre-numbered receipts used in sales process. The cash receipts should be deposited immediately.

A person independent of the cashier should count cash and compare it to the amount recorded on the receipt. Internal control of cash receipts by mail: The mails should be locked and the key should be placed on the hand of a responsible person. At least two people should have to be present when mail is opened and a list of money received should be kept.

A prelisting of cash received should be made in three copies, one copy for the cashier, the second for the account department, the third copy kept by the preparer.

2.7.2 Internal control over cash payment

Cash disbursements are particularly exposed to fraud and embezzlement. To avoid this cash should be paid only after the receipt of specific authorization by documents that establish the validity amount of the client. Besides to these duties in the purchase of goods and services and payments for them should be separated.

2.8 basis internal control principles for cash payments

All payment should be made by check, the check should be authorized and approved by independent individual preparation before payments are essential.

Voucher system:- a system of internal control for cash payment that provides documentary evidences and authorization for each obligation incurred. Voucher is a special form on which relevant data about a liability to be paid and the details of its payments is recorded. It has the following functions.

It consists of procedures for systematically gathering recording and paying expenditures. It provides strong control by separating duties and responsibilities for authorization of expenditure receipt of goods and services, validation of liability by examination of invoices from correctness of prices, shipping cash and credit terms, payments of expenditure etc (Arens and Lobbbecke, 2002)

CHAPTER THREE

3. Research Methodology and Design

3.1 Area of the Study

The Study Conducted On The Cash Management Practice Of Cooperative Bank Of Oromia In Muger Branch.

3.2The Research Design

For this study descriptive design type of research, was going to be used. Because, the aim of the study was to describe the actual cash management practice of Muger branch.

3.3Data Type and method of data collection

For this study, the researcher was used both quantitative and qualitative data type especially the later one. The researcher also use both primary and secondary source of data. For primary method of data collection observation and unstructured interview would be used rather than other method of data collection because in order to understand the real cash management practice need to observe the activities. The secondary data was collected by reviewing the company published and unpublished journals, magazines and reports.

3.4 Sample Size and Sampling Technique.

From a total population of Twenty Two employees of Cooperative bank of oromia 8 employees were selected a sample size by using judgmental sampling techniques-Because this 8 employees were especially engaged in the area of cash management practice.

3.5 Data Analysis and Presentation

After necessary data were collected from the primary source and secondary sources the data would processing and analyze data processing is an activity which involves interpretation data to make the data appropriate for analysis. Data analysis would be done both by using qualitative and quantitative data processing from the data get the data presenting would be descriptive data presentation by using tables and others.

CHAPTER FOUR

4. DATA ANALYSIS, INTERPRETATION AND PRESENTATION

The analysis and interpretation of this paper was based on primary data by using non-probability sampling technique which is judgmental sampling based on their experience. The questionnaire was distributed for 8 employees the cashier, accountant, secretary and others. The bank's manager was also selected to evaluate the cash management practice of cooperative bank of oromia in muger branch. However secondary data are also used as a base for evaluation.

Table 4.1 Educational bank ground of respondents

No	Educational status	No of respondents	Percentage%
1	Diploma	1	12.5 %
2	Degree	7	87.5%
3	Other	0	-
4	Total	8	100%

Source:- Researchers own computation of primary data

As it is shown in the Above the respondent educational background is leveled into three categories 0%, diploma 12.5% and degree holder 87.5% most of the respondents are degree holders while one of them are diploma holders. From the above table the researcher understands that in cooperative bank of oromia there is an educated employee. Therefore the bank can serve its customer on time because of educated employees give their service to the customers when they need. This implies that the customers are initiated to deposit their cash in this branch. As a result the bank gets an efficient amount of cash to serve its customer.

Table 4.2 Respondents department in the bank

No	Department	No of Respondents	Percentage %
1	Cashier	4	50 %
2	Accountant	3	37.5%
3	Manager	1	12.5%
4	Total	8	100%

Source:- Questionnaire

In the table above 50% of the respondents are from cashier, 37.5% of the respondents are from the accountant, 12.5% from the manager. From the percentage shared by looking the number of respondents the researcher decided that, there is segregation of duties in the cooperative bank of oromia in muger branch by segregating duties, that is, by avoiding putting of employees in position of excessive trust and responsibility. Avoiding giving of one person control over all stage of process the bank manages cash effectively

Table 4.3 Service years of respondents in department that they Working

No	Service year	No of Respondents	Percentage %
1	1 -2 year	1	12.5%
2	2 -6 year	3	37.5%
3	Above 6 year	4	50 %
4	Total	8	100%

Source:- Researchers own computation of primary data

As it shown in the table that is years of the respondents are categorized in three categories that is 1-2 years, 2-6 years, above 6 years. Most of the respondents (50%) have above years given service in the bank. This implies, they are familiar with Jobs and they have been experienced, this has a great advantage for the control of effective cash management.

4.1 Cash management practice

Cash management involves having the optimum (that means neither excess nor deficit amount of cash on hand at the right-time). In order to manage the cash of the company properly, the bank knows how much cash is needed in the operation. To manage the cash appropriately the cooperative bank of oromia generally and muger branch particularly set primary goal. These include providing the cash need to meet the firm's payment and to minimize the amount of idle cash held by the bank.

Table 4.4 Analysis of cash management practice

Does the bank perform theoretical aspect in to actual cash management?	response	Number of employee	Percentage%
	Yes	8	100%
	No	-	
	Total	8	100%

Source:- Questionnaire

According to the response of the respondents all of them said the bank perform theoretical forms in to actual management. In this case the advantage of this to know the bank have effective cash management procedure and maintaining sufficient cash amount in operational activities.

4.2 Investment of Idle cash

Businesses can not service with out cash to pay bills and to finance growth. On the other hand having too much cash is insufficient because cash earns considerably less than firms cost of capital.

Table 4.5 Idle cash

Does the bank posses idle cash?	Response	Number of employee	Percentage %
	Yes	5	62.5%
	No	3	37.5%
	Total	8	100%

Source Questionnaire

From the above table 5(62.5%) of respondents said that yes and 3(37.5%) said no . this shows the bank has excess amount of cash on hand that is not needed for immediate purpose rather it needed in the future period Hence, the researcher understand that the bank has a problem of cash management.

Table 4.6 Response regarding to investment of idle cash

What criteria the banks consider to invest its idle cash?	Response	Number of employee	percentage%
	Maturity	0	0 %
	Liquidity	3	37.5 %
	Profitability	5	62.5 %
	Total	8	100 %

Source Questionnaire

The table 4.6 clearly shows that 62.5 % of respondents select profitability as the criteria that the bank consider to invest its idle cash and 12.5% of each respondents select liquidity as criteria. From these the researcher understands that, profitability play a major role in the investment of idle cash because it measures the income level or the operating success of the bank for company ability to develop. And also, liquidity is the next criteria of the bank in order to invest idle cash because it is frequently used as the ultimate test of managements operating effectiveness.

Table 4.7 Response Regarding to rate of cash position in bank

In the operation of the bank How do you rate the cash position?	Response	No of employee	Percentag e%
	Mostly Excessive	7	87.5%
	Optimum	1	12.5%
	Relatively Deficient	0	0 %
	Mostly Deficient	-	
	Total	8	100%

Source Questionnaire

From table 4.7 the researcher clearly knows that 87.5 % of respondents that the rate of the bank cash position was mostly excessive and 12.5 % says that the rate of cash position was optimum. From this the researcher concludes that there is mostly excessive cash position in cooperative bank of oromia in muger branch. This indicates that there is idle cash that not used for immediate purpose.

4.3 Managing cash receipts and payments

Just as cash the beginning of operating cycle. It is often starting point for company's system of internal control. Cash is the mere assets that are ready convertible in to any other type of asset.

4.3.1 Internal control of cash receipt

In order to protect cash from the theft on misuse business control cash receipts similar to different types of business. As the manager said in muger bank control cash receipts in different procedures, the bank prepare record of all cash receipts as soon as cash is received, because most theft of cash occurs before record is made. The bank designated cashier is authorized to handle

cash receipts different individual receive cash record cash, receipts and deposit and hold the cash.

4.3.2 Control over cash payments

Cash is paid for several reasons, such as to pay expense and liabilities or the purchase asset. The paying teller is only responsibility for making payment and required to check that the signature and the cheque are verified. That the amount bear signature verified machine operator and internal auditors report when every a paying teller requests for additional cash. The morning cash cheques and vouchers are journalized and be compared with the total submitted by paying teller cash on hand at the end of the payment from the blotter must agree with the total amount of cash with drawn from the chief cashier.

The chief cashier checks the correctness and balancing of the cash by verifying the cash pocket and counting the lose notes.

Table 4.8 Response regarding cash receipt and payment.

Did the bank manage its cash Payment and cash receipts properly?	Response	No employee	Percentage%
	Yes	8	100%
	NO	-	-
	Total	8	100%

Source Questionnaire

As it is observed from the above table, the response of the respondents shows that 100% of respondents said yes. According to the above table the bank arrange it cash receipts and payments properly. Adequate system of internal control provides protection of cash balance and procedure for the management of cash payments to accomplish these objectives each day's receipts and all cash payment made by cheque.

From these the researcher understand that the bank have its cash management system and apply giving quality service to practical.

Table 4.9 Response regarding cash budget

How is the cash budget Compared with actual?	Response	No_ of employee	percentag e
	Very good	8	100%
	Good	-	-
	Moderately	-	-
	Not satisfy	-	-
	Total	8	100%

Source Questionnaire

As can see from the above table all respondents gave their idea on preparation of cash budget. Hence the researcher concludes that the cooperative bank of oromia appropriately prepared cash budget. Cooperative bank of oromia used cash budget as one of the financial principal method of forecasting the finance needs of venture and forecasts the combined effects of planned operation on the companies' cash flow. The cash budget thus indicates the amount of funds. That will be needed or available for operation of bank.

Table 4.10 Response regarding source of short term

What is the source of short term finance for the bank?	Response	No of employee	Percentage
	Customer' deposit	5	62.5 %
	Capital reserve	2	25 %
	Other	1	12.5 %
	Total	8	100%

Source:- Questionnaire

From the above table the respondents response shown that 62.5% are customer's deposit, 12.5% is capital reserve and 25 % is other.

The researcher conclude that the bank have many customers that use deposit service. This indicates there is high cash flow. As a result the bank gain amount of profit by lending the money to other customers or by investing in government treasury bills.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATION

5.1 CONCLUSION

The main objective of the study is to assess the cash management practice in cooperative bank of oromia. Based on the analysis and findings of the previous chapter the following has been concluded.

- Many of the employees in cooperative bank of oromia have service years above six years. This implies they are well familiar with jobs they have been assigned.
- Internal control of cash receipt and disbursement in the bank applies in a good way which in the theoretical aspect of cash management.
- Adequate system of internal control provides protection of cash balance and procedure for the management of cash payment to accomplish this objective each day's receipts and alias payment made by cheques.
- The bank of muger have relatively enough (sufficient) short term financing for its normal operation which come from different source like customer deposit and capital reserve.
- Investment of idle cash which is one base principle of cash management, cooperative bank of oromia have better investment trend of idle cash in short term market investment by considering its liquidity and profitability.
- The bank used cash budget as one of the financial principal method of forecasting the finance needs of venture and forecasts the combined effects of planned operation on the companies' cash flow.

5.2 RECOMMENDATION

From the discussion held in chapter four the researcher suggests the following points for better achievement of its objective of cash management practice.

- The bank should give necessary training for their employee for further success of the bank and to save time and cost.
- The bank should manage its cash more than the current method for the success of bank and satisfaction of customers.
- When the progress of the time, organizations update their previous cash management system, so cooperative bank of oromia use effective and efficient updated technology for the improvement of its cash management is Advisable by the researcher.
- Eventhough source of short finance for the bank relatively sufficient for its normal operation try to find other sources of financing its short term finance rather restricted on the existing source finance.
- The management of cash receipt and disbursement of the bank trend and appreciable way which is acceptable in the universal policies, the bank shall continue by this trend in the future operation period.
- The bank should use the excess cash for investment purpose in order to generate target profit (interest) rather than putting the money on hand incurred cost for excess cash.
- Finally, the researcher suggests that because of cash is liquid and it is important to manage it. There fore the collection disbursement, and failure to collect note receivable should be given special attention for cash management because cash is the blood of an organization, it is unthinkable to operate any activity with out cash.

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APPENDIX
Jimma University
College of Business & Economics

Dear respondent

The purpose of this questionnaire was to collect data for requirement for partial fulfillment of B.A degree in accounting in Jimma university your genuine response for the following question is extremely important for the successful completion of this paper the information provide used for purpose indicated and will be kept highly confident I would like to thank you in advance for your cooperation and scarification of your time.

Part one:- General Information

Education Status

Diploma degree Other specify experience

Salary 1000-1500 1500-2000 above 2000

Service 1-2 2-6 above 6 years

Part 2 questions

1. What is the source of short term finance for the bank?

Customer's deposits other (specified)

Capital reserve

2. When the bank paying the payment?

On the due date before due date

After the due date

3 Is the bank possess idle cash? If yes where dose the bank invest idle cash-----

4 what criteria the bank consider to invest its idle cash?

Maturity profitability

Liquidity other

5 Are the bank has cash budget?

Yes no

6. If yes in what terms?

Monthly semi annually

Quarterly annually

7. Are the Bank perform theoretical aspect in to actual cash management

Practice? Yes No

8 In the operation of the bank how do you rate the cash position?

Mostly excessive relatively deficit

Optimum mostly deficit

9. How do you rate the survive quality at the bank

Yes No

10. Did the bank manage its cash a payment and cash receipt properly?

Yes No

11. What are your responsibilities in the bank?

Accountant secretary other

Casher manager

12. How is the cash budget compared with actual?

Good very good moderately No satisfy

13. What method does the bank use to control cash receipted disbursement

DECLARATION

This is to certify that I prepared this research paper entitled: Assessment of cash management practice (A case study on cooperative bank of oromia mugger branch). And submitted in partial fulfillment of the requirements for Bachelor of Arts Degree in accounting and finance complies with the regulations of the University and meets the accepted standards with respect to originality and quality.

Name of Student: Tamirat belay

Signature.....

Date, June,2017.

This research paper has been submitted for examination with my approver as university advisor.

Advisor Name: Mr. Mohammed Getahun (MSC)

Signature.....

Date, June.....2017

DECLARATION

This is to certify that I prepared this research paper entitled: Assessment of cost accounting system of asella malt factory. And submitted in partial fulfillment of the requirements for Bachelor of Arts Degree in accounting and finance complies with the regulations of the University and meets the accepted standards with respect to originality and quality.

Name of Student: Tedy Girma

Signature.....

Date, June, 2017.

This research paper has been submitted for examination with my approver as university advisor.

Advisor Name: Mr. Mohammed sultan (MSC)

Signature.....

Date, June.....2017

DECLARATION

This is to certify that I prepared this research paper entitled: Assessment of working capital management in financial institution(a case study on commercial bank of Ethiopia tepi branch). And submitted in partial fulfillment of the requirements for Bachelor of Arts Degree in accounting and finance complies with the regulations of the University and meets the accepted standards with respect to originality and quality.

Name of Student: Siwoya Adane

Signature.....

Date, June, 2017.

This research paper has been submitted for examination with my approver as university advisor.

Advisor Name: Mr. Mengistu Deyassa (MSC)

Signature.....

Date, June.....2017

