

Cash Handling and Income Management

City of York Council

Internal Audit Report 2013/14

Business Unit: Customer & Business Support Services,
Responsible Officer: Director of Customer and Business Support Services
Service Manager: Head of Financial Procedures
Date Issued: 8 August 2014
Status: Final
Reference: 10330/005.bf

	P3	P2	P1
Findings	2	2	0
Overall Audit Opinion	Substantial Assurance		

Summary and Overall Conclusions

Introduction

Prior to the office moves during 2012/13, the Transactional Services section within the directorate of Customer and Business Support Services was responsible for the processing of all council income including income from other departments, telephone payments, internet payments, payments taken via the Customer Contact Centre and directly from Customers at No. 9 St Leonard's Place. On an annual basis the Transactional Services section processed up to 450,000 transactions with a total value of approximately £920m. Previous audits have concentrated on arrangements at No. 9 St. Leonard's Place and the cashiers back office.

Following the move to the West Offices, services are now responsible for banking their own income. Therefore this audit included detailed testing of a sample of service areas currently receiving cash income.

Objectives and Scope of the Audit

The purpose of the audit was to provide assurance to management that procedures and controls in operation across the council ensure that:

- Systems comply with the council's financial regulations, relevant legislation and other appropriate guidance.
- Cash is protected from loss and theft; from receipt through to banking.
- All income is accurately processed, banked and accounted for.
- Appropriate records are maintained to support all transactions.

Key Findings

The key findings for individual services are summarised below. Actions will be discussed and agreed with services individually.

Overall Conclusions

It was found that the arrangements for managing risk were good with few weaknesses identified. An effective control environment is in operation, but there is scope for further improvement in the areas identified. Our overall opinion of the controls within the system at the time of the audit was that they provided Substantial Assurance

Summary of Individual Findings

Service area	Finding	Priority	Action	Responsible officer	Implementation Date
Arts/Performing Arts	Records are not kept of XXXXXXXX XXXXXXXXXXXXXXXXXXXXXXXXXXXX XXXXXXXXXXXX, preventing reconciliation of actual income received to expected income.	3	A record of XXXXXXXX will be kept for reconciliation purposes	Arts Education Administrator	31 August 2014
Arts/Performing Arts	XXXXXXXXXXXXXXXXXXXXXXXXXXXX XXXXXXXXXXXXXXXXXXXXXXXXXXXX XXXXXXXXXXXXXXXXXXXXXXXXXXXX	2	Cash will be counted and the amounts of cash received signed off by two people at the time of collection before it is stored in preparation for banking	Arts Education Administrator	31 August 2014
Customer Centre	Income collected is cashed up the following day. Over night it is stored in the safe without being counted.	2	Cash will be counted before being put into the safe for storage overnight	Customer Services Team Manager	31 August 2014
Sport and Active Leisure	Receipts are not issued for cash transactions where XXXXXXXX XXXXXXXXXXXX	3	Receipts will be used for all cash income collected unless a waiver from financial regulations is obtained	Everybody Active, Targeted Programme Coordinator	31 August 2014

Audit Opinions and Priorities for Actions

Audit Opinions	
<p>Audit work is based on sampling transactions to test the operation of systems. It cannot guarantee the elimination of fraud or error. Our opinion is based on the risks we identify at the time of the audit.</p> <p>Our overall audit opinion is based on 5 grades of opinion, as set out below.</p>	
Opinion	Assessment of internal control
High Assurance	Overall, very good management of risk. An effective control environment appears to be in operation.
Substantial Assurance	Overall, good management of risk with few weaknesses identified. An effective control environment is in operation but there is scope for further improvement in the areas identified.
Moderate assurance	Overall, satisfactory management of risk with a number of weaknesses identified. An acceptable control environment is in operation but there are a number of improvements that could be made.
Limited Assurance	Overall, poor management of risk with significant control weaknesses in key areas and major improvements required before an effective control environment will be in operation.
No Assurance	Overall, there is a fundamental failure in control and risks are not being effectively managed. A number of key areas require substantial improvement to protect the system from error and abuse.

Priorities for Actions	
Priority 1	A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management.
Priority 2	A significant system weakness, whose impact or frequency presents risks to the system objectives, which needs to be addressed by management.
Priority 3	The system objectives are not exposed to significant risk, but the issue merits attention by management.