Cash Handling Review

Asset Management and Public Works
Cloverbar Waste Management
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Introduction
Cash Handling Reviews determine whether cash resources are handled in a manner consistent with established City requirements and whether they are adequately safeguarded against loss. They also assess the adequacy and effectiveness of internal controls within cash-handling locations. Cash Handling Reviews consist of an objective review and evaluation of the cash-handling practices and procedures relating to the receiving, transporting, storing, depositing, recording and safeguarding of City money (including cash, cheques, credit cards and debit cards).

The Office of the City Auditor (OCA) in conjunction with Corporate Services, Finance Branch selected six cash-handling projects for review in 2003. Projects were selected based on a number of criteria including estimated revenue; volume of transactions processed; cash-handling risk; date of previous audit undertaken in the area, if any; and history of problems and control weaknesses identified. Cloverbar Waste Management, with estimated annual revenue of approximately $1M, was selected for review based on these criteria.

This review represents the sixth and final cash handling review planned for 2003. It’s completion was delayed to 2004 because the Corporate Services Finance resource was not available to assist with the reviews planned for the year. Completion was also impacted by difficulties with gaining access to and documentation regarding the Waste Management software application.

Objectives
The objective of this review was to assess the level of compliance with established City policies & procedures for cash handling and to evaluate the adequacy and effectiveness of controls over cash handling at the Cloverbar Waste Management.

Methodology and Scope
The review was limited to evaluation of the cash handling practices at the Cloverbar Waste Management site. At this site customers pay to dispose of various household, commercial and industrial waste materials.
The OCA reviewed the physical security and cash handling at the site and conducted several audit tests to assess the adequacy and effectiveness of cash-handling controls. Areas reviewed included: (a) cash register equipment, vaults and skimsafes; (b) controls over floats; (c) refunds, voids, cancellations and no sales; (d) reconciliation of daily sales and deposit preparation; and (e) reconciliation and analysis of Cashier system point-of-sale data with SAP data.

**Observations**

**Unmatched in-bound and out-bound vehicles**

On rare occasions a vehicle will enter the site and be recorded in the system through the in-bound scale and not be recorded in the waste management software system as leaving the site through the out-bound scale. The opposite can also occur when a vehicle arrives at the out-bound scale without having been entered into the system. This could result in loss of revenue and/or delays in weigh scale operations.

**Recommendation 1:**

That the cash operations manual be updated to include policies and procedures to handle and monitor unmatched in-bound and out-bound vehicle situations. All cashiers should also be trained to handle such situations.

**Management Response**

*Procedures currently exist for the in-bound scenario; additional procedures will be developed and communicated for out-bound situations.*

**Exception Reporting for Cashiers**

Exception or performance reporting should exist to monitor the Geoware (Waste Management Software) system activity of all cashiers. Without such monitoring or reporting, certain types of inefficient or inappropriate cashier activity could occur and not be detected. For example, a particular cashier might process a disproportionate number of void or refund transactions. A report that highlighted this activity could be used to effect timely corrective action.

**Recommendation 2:**

That Cloverbar Waste Management develop transaction monitoring and reporting applications for cashier activities.

**Management Response**

*Ad hoc exception reporting has been performed in the past but was not included in the cash handling administrative procedures. This has now been done.*
Cashier hiring practices
Currently the process for hiring cashiers at the Cloverbar Waste Management site is the same as for other job classifications or descriptions. This normally includes employment reference checks and a criminal clearance statement from the Edmonton Police Service. Individuals who handle cash on behalf of the City of Edmonton should be subject to enhanced or additional screening processes. These additional procedures could include, for example, checking credit histories and asking previous employers specifically about previous cash handling duties and responsibilities. Such procedures would help identify candidates who have or had financial difficulties or had previous difficulties in cash handling positions.

Recommendation 3
That enhanced or additional processes and/or procedures be developed, documented and utilized for the hiring of any employee who will have cash handling duties.

Management Response
All personnel handling cash at the Cloverbar Waste Management will now be subject to rigorous pre-screening and background checks.

Robbery Prevention Training
Cashiers at the Waste Management Centre have not received robbery prevention training. Training will instruct cashiers on how to protect themselves and the assets of the City of Edmonton.

Recommendation 4:
All cashiers should be given robbery prevention training.

Management Response
All cashiers have now been given robbery prevention training.

Conclusions
In all cash reviews conducted by the OCA, the OCA’s goal is to provide assistance in helping the Administration strengthen internal controls and to improve methods of prevention and detection of fraud. Throughout this review the OCA discussed the control weaknesses and recommendations to improve controls with Cloverbar Waste Management representatives. Those representatives were very receptive to all recommendations made by the OCA, and have taken steps to ensure that their cash handling procedures and practices are updated to reflect these control recommendations.

We wish to thank the staff at Cloverbar Waste Management site for their cooperation and support during this review.