
**Cash Handling Review
South ECO Station**

November 4, 2005

This page is intentionally blank.

Cash Handling Review

Asset Management and Public Works – South ECO Station

1. 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) selected five cash-handling projects for review in 2005. 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. Asset Management and Public Works – South ECO Station, with annual revenue of approximately \$170,000 was selected for review based on these criteria.

2. Background

The South ECO Station is located at 5150 – 99 Street and is operated by the Waste Management Branch of the Asset and Management & Public Works Department. The Station is a waste drop-off facility where citizens can bring their non-conventional waste material for recycling or safe disposal. The Station accepts most clean recyclable items at no charge and charges a small fee for other waste items.

Facility Cashiers at the ECO Station are located in a booth at the entrance to the facility. Payment for services can be made by cash or debit. Each cashier has a separate float/drawer for each shift and a balancing and deposit preparation procedure is performed at end of each shift. All monies deposited are reconciled to the cash register summary tape prior to deposit.

Deposit information is forwarded to Branch finance personnel for posting into the City's accounting system (SAP).

3. 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 effective-

ness of controls over cash handling at the South ECO Station with the intent to minimize loss of revenue resulting from theft or error.

4. Methodology and Scope

The OCA reviewed the physical security and cash handling procedures and practices at the facility and conducted several audit tests to assess the adequacy and effectiveness of cash handling controls. Areas reviewed included (a) cash equipment, (b) controls over floats, (c) controls over refunds, voids and cancellations, and (d) reconciliation of daily sales and deposit preparation. The OCA staff reviewed cash handling procedures during October 2005.

5. Observations and Recommendations

5.1. Electronic Point-of-Sale System

All transactions processed by cashiers should be recorded in an electronic Point-of-Sale system. Currently all transactions processed by cashiers are recorded in a stand-alone manual cash register. This could lead to potential loss of revenue due to incorrect pricing and does not allow automated detection of cash handling control violations, trends or breakdowns. The built-in reporting and data analysis functionality of a corporate point-of-sale register would provide the ability to conduct basic monitoring and reporting of cashier transactional activity and cash controls.

Recommendation #1	Management Response and Action Plan
<p>The OCA recommends that the branch investigate the feasibility of upgrading the manual cash register to a corporate electronic Point-of-Sale system.</p>	<p>Accepted Comments: The Waste Management Branch will consult with IT and Finance to determine if the Eco Stations are capable of upgrading – both operationally and technically, to an electronic Point-of-Sale system.</p> <p>Planned Implementation: June 30, 2006 Responsible Party: Steve Simon – Senior Recycling Foreman.</p>

5.2. Robbery Prevention Training

In accordance with section 2.07 of Administrative Directive A1200A, *Receiving, Transporting, Storing and Depositing of City Money*, all cashiers should be given robbery prevention training. Most of the cashiers at the facility have not received Robbery Prevention Training, which could put City employees and assets at risk.

Recommendation #2	Management Response and Action Plan
<p>The OCA recommends that all ECO station employees be given robbery prevention training.</p>	<p>Accepted</p> <p>Comments: Corporate Security will conduct Robbery Prevention training for Eco Station staff. Training is scheduled November 9 & 16, 2005 at the Kennedale Administration Building. All Eco staff including foreman, cashiers and other attendants will participate in the training.</p> <p>Planned Implementation: November 16, 2005 Responsible Party: Steve Simon – Senior Recycling Foreman</p>

5.3. Background Checks for Cashiers

All personnel who handle cash on behalf of the City of Edmonton should be subject to a rigorous background check including reference follow-up and criminal record confirmation. Currently ECO station personnel who handle cash are not subject to any additional pre-screening procedures. This could increase the risk of hiring dishonest personnel and/or personnel with previous cash handling indiscretions.

Recommendation #3	Management Response and Action Plan
<p>The OCA recommends that all personnel handling cash on behalf of the City of Edmonton be subject to rigorous pre-screening and background checks</p>	<p>Accepted</p> <p>Comments: More rigorous pre-screening and background checks will be required on future postings for all successful candidates for Eco Station positions.</p> <p>Planned Implementation: November 1, 2005 Responsible Party: Steve Simon – Senior Recycling Foreman</p>

5.4. Increased Frequency of Deposits

In accordance with section 3.02 of Administrative Directive A1200A, *Receiving, Transporting, Storing and Depositing of City Money*, cash in excess of a set amount needs to be picked up by armoured vehicle. Currently, pick-up by armoured car occurs on a weekly basis, which is less frequently than required to comply with the City's recommended practice. This increases the ECO Station's exposure to potential loss or theft of cash and increased risk of robbery.

Recommendation #4	Management Response and Action Plan
<p>The OCA recommends that armoured vehicle pickup be increased to a frequency that complies with the Administrative Directive.</p>	<p>Accepted Comments: Brinks have been contacted to increase their pick-ups by armoured car to a more appropriate frequency.</p> <p>Planned Implementation: October 25, 2005 Responsible Party: Steve Simon – Senior Recycling Foreman</p>

5.5. Increased Supervisor Spot Checks

Supervisors perform spot checks to verify that proper cash handling procedures are being followed and to ensure correct pricing for services. Spot checks need to be performed regularly with the details and results fully documented. Spot checks are currently done but only once a month for each cashier, but spot check details and results have not been formally documented.

Recommendation #5	Management Response and Action Plan
<p>The OCA recommends that a formalized spot check procedure be developed to check each cashier on at least a bi-monthly basis and fully document the details and results of the spot check.</p>	<p>Accepted Comments: All Eco Station cashiers will now be checked on a minimum bi-monthly basis. All results and details will be fully documented.</p> <p>Planned Implementation: November 1, 2005 Responsible Party: Steve Simon – Senior Recycling Foreman</p>

6. Conclusion

The OCA believes that the recommendations developed during this audit will significantly improve the cash-handling controls at the South ECO Station and reduce the City's risk. Management has accepted all five recommendations and the OCA believes that their action plans and planned implementation dates are reasonable. We thank the staff and management of the ECO Station for their cooperation and support during this review.