

# CASH HANDLING CONTINGENCY PROCESS REVIEW

June 12, 2002

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### Introduction

Section 2.03(d) of City Policy A1200A (Receiving, Transporting, Storing and Depositing of City Money) requires all cash in excess of \$3,000 to be transported by armoured car. The Corporate Services Department is responsible for arranging the contract of armoured car services for the transportation of money on behalf of the corporation. In the summer of 2000, employees of the external service provider used by the City went on strike and such services could not be provided. The management of Edmonton Transit requested the Office of the City Auditor (OCA) to review the steps taken by the City during the time of service disruption and determine whether additional steps need to be taken to minimize risks for any future occurrences.

### Scope and Methodology

The scope was limited to reviewing the steps that were taken during the time of service disruption and comparing them to corporate requirements for transporting and storing City money. The review did not include an assessment of City Policy A1200A and departmental cash handling procedures that are in effect under normal circumstances.

### Observations

A committee was formed consisting of staff from the Corporate Services and affected departments to manage the situation. Security over storing of City money was enhanced where required and interim service providers were hired to transport the City's money. In the case of Edmonton Transit, a different approach was used due to its unique operations. The OCA reviewed the options that were available at the time and is satisfied that steps taken by the committee and management of Edmonton Transit were diligent and acceptable under the circumstances. Specific details of the steps undertaken have not been incorporated in this report as this may jeopardize the City's position. The OCA commends members of the committee for initiating and managing an effective contingency plan with no incident until a new contract could be arranged.

The City's contract with the previous service provider was valid from April 1, 1999 to March 31, 2001. The City entered into a new contract with another service provider, and was thus in a position to request reimbursement from the previous service provider of any differential costs that were incurred as a result of their breach of contract. It was noted that the resulting claim from the City had not been made at the time of this review. The delay resulted from the Transportation and Streets Department having difficulty in

recording and reporting additional costs that were incurred while contingency procedures were in effect. This information has now been gathered and a letter confirming a claim amounting to \$77,659.50 was sent to the previous service provider on May 28, 2002. A more effective way to address the delay for future occurrences is to have the Finance Business Partner for Corporate Services on the Committee up front so that guidance can be provided on what should be claimed, how it should be recorded and how a complete, accurate and timely claim can be made.

### **Recommendation**

- 1.1 That the Director of Treasury Management ensure that the Finance Business Partner of Corporate Services is included in the committee that initiates and manages contingency plans in future occurrences.

### **Management Response and Proposed Action Plan**

The recommendation has been accepted for implementation.

- 1.1 The Finance Business Partner for Corporate Services will be included in the committee in future occurrences and if necessary, more assistance will be sought from Finance Business Partners of affected departments.

**Planned Completion Date: Ongoing**