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**Cash Handling Review**

***Office of the City Clerk***

February 19, 2003

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# Cash Handling Review

## Office of the City Clerk

### 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 each cash handling location. 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 2002. 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. The Office of the City Clerk, with election year revenues exceeding \$1M, was selected for review based upon these criteria.

### 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 revenue receipts at the Office of the City Clerk.

### Scope and Methodology

The review focussed on all sources of revenue received by the Office of the City Clerk. Every year these sources include: (a) Assessment Review Board (ARB) appeal fees; (b) Subdivision and Development Review Board (SDAB) appeal fees; (c) a recovery from the school boards for a share (40%) of the ongoing costs of two permanent, full-time election staff; (d) a contract with Telus for standby service at the Records Centre; and (e) miscellaneous sales – e.g., bylaws, maps, tapes, agenda packages.

In election years, the revenues from the school boards are much higher than in non-election years, due to the significantly greater expenditures incurred in those years to conduct the municipal election. School board billings for the 2001 municipal election were over \$720,000. Additional revenue of over \$640,000 was received during the 2001 election from the Province because the City handled the election of Capital Health Authority board members. This will not be an ongoing source of revenue in future

elections. Another small source of revenue in election years is the candidates' deposits. All candidates nominated for election pay a deposit, which may be reimbursed to the candidates following the election.

The OCA reviewed the revenue receipt and accounting procedures surrounding the 2001 municipal election, and examined the cash handling and accounting practices and procedures for all other revenue sources (ARB, SDAB, and miscellaneous sales).

## **Observations and Analysis**

The OCA review identified several opportunities for improvement that were presented to and discussed with management from the Office of the City Clerk. These related to matters such as the timeliness of deposits, controls over receipt books, reconciliation procedures at ARB, and accounting practices for ARB appeal fees.

## **Conclusions**

In all cash reviews conducted by the OCA, the OCA's goal is to provide assistance in helping the Administration to 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 representatives from the Office of the City Clerk. The Office of the City Clerk was receptive to all recommendations made by the OCA, and has already taken steps to put these recommendations into effect.

We wish to thank the staff at the Office of the City Clerk for their cooperation and support during this review.