



OFFICE OF THE
City Auditor

Cash Handling Review Eastglen Leisure Centre

February 13, 2007

The Office of the City Auditor conducted
this project in accordance with the
*International Standards for the
Professional Practice of Internal Auditing*

Eastglen Cash Handling Review

1. Introduction

Cash Handling Reviews determine whether cash resources are handled in a manner consistent with established City requirements and are adequately safeguarded against loss. They also assess the adequacy and effectiveness of internal controls within the 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 City Auditor selected five cash handling projects for review in 2006. 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 Eastglen Leisure Centre is a swimming facility operated by the Recreation Facilities Services Branch of the Community Services Department. This facility offers a wide range of swimming related activities and programs. Users of the facility can purchase one-time, multi-use or seasonal passes to access the facilities and drop-in programs.

Cashiers are located in the main lobby of the Eastglen Leisure Centre. They collect monies from customers for drop-ins, passes, transit tickets and registered programs. Payment for facility usage may be made by cash, cheque, credit card, or debit card. Each cashier has separate log-in identification into the cash Point of Sale (POS) system (CLASS). Each cash register transaction is recorded in the POS system, including opening the cash register for no-sales.

All monies are deposited into the City's bank and the deposit information is sent to the Finance Branch for follow-up and reconciliation with the POS system and SAP (the City's financial information system).

2. Objectives

Our review objectives were to assess the adequacy of controls for ensuring that all facility revenues are recorded accurately and deposited in a safe and timely manner. Cashier activities were also assessed for compliance with prescribed City/Department policies and regulations.

3. Scope and Methodology

The OCA reviewed the physical security and cash handling procedures and practices during November 2006. The OCA's review included the following tests:

- Reviewed departmental cash handling procedure manuals.
- Observed the physical safeguarding of cash assets.
- Observed cash handling processes to ensure adequate chain of custody.
- Reviewed management reports to ensure adequate accounting.
- Observed physical cash handling procedures.
- Interviewed staff in connection with cash handling procedures.
- Reviewed and discussed findings with management.

4. Observations and Analysis

Our procedures indicated that overall control over cash handling at the Eastglen Leisure Centre is good. We have identified one additional control technique which could help to further strengthen controls at the Leisure Centre. The security system at Eastglen continuously videotapes the cashier area. The security system VCR tapes are rotated on a thirty day basis, it is our view that the videotape could be periodically reviewed to ensure that cashiers record all receipts in the Point-of-Sale system and that cashier operations are in accordance with cash handling policies and procedures. We suggest that each cashier's activity should be reviewed by a cashier supervisor at least twice a year.

5. Conclusion

The OCA understands and accepts that reviewing security video tapes for the purpose of monitoring cashier activity needs to be further explored to ensure that it doesn't infringe on current legislation. We encourage the branch to further explore this to determine whether reviewing security videotape to monitor cashier activity is feasible.

In all cash and cash-related 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.

The OCA thanks the staff and management of the Eastglen Leisure Centre for their cooperation and support during this review.