

INTERNAL AUDIT REPORT

TO:	Head of Corporate and Community Services	SUBJECT:	DMC – Cash Collection and Security
CC	Chief Executive Deputy Chief Executive (AJ) Head of Finance DMC Team Leader	MY REF:	JK/DMC
FROM:	Audit & Risk Manager	DATE:	27 September 2012

1. INTRODUCTION

- 1.1 As part of the 2012/2013 Audit Plan, an audit has recently been completed on the systems and procedures in place to deal with cash and cheque remittances received in the Document Management Centre (DMC) and Riverside House (RH) reception.
- 1.2 This report outlines the approach to the audit and presents the findings and conclusions arising.

2. SCOPE AND OBJECTIVES OF THE AUDIT

- 2.1 The audit was undertaken in order to establish and test the controls over the management of the function.
- 2.2 Specifically the controls in the following areas were considered:
 - Receiving and receipting monies
 - Cash up and banking
 - Independent monitoring
 - Security
- 2.3 The audit programme identified the expected controls and the control objectives examined were:
 - All monies are recorded and receipted appropriately
 - Tills are cashed up on a daily basis
 - Takings are reconciled to bankings
 - Monies are held securely prior to collection
 - DMC and Reception are secure from unauthorised access

- 2.4 Although not forming part of the control objectives the trend of the number of transactions processed was examined and this is reported for addressees' information.

3. BACKGROUND

- 3.1 The council offers a range of payment options to customers and the use of them is encouraged either as part of the routine administration of various accounts e.g Council Tax or Rent or by undertaking specific campaigns to encourage take up of the various options e.g. direct debit.
- 3.2 Although the use of the preferred options is increasing a considerable number of payments continue to be received either in the post via the DMC or in person at Riverside House reception. The DMC handles all postal and internal payments and RH reception deals with payments in person.
- 3.3 The DMC has undergone several structural and procedural changes over the years, the most recent being the transfer of three members of the Central Support team to the DMC team. Changes have been made to cash collection procedures either in the light of experience or to achieve improvements in control or efficiency. Procedures have been fairly stable of late.
- 3.4 In 2011/2012 the DMC and RH reception processed around 21,000 transactions with a value of around £8 million.
- 3.5 The budget for the DMC in 2012/2013, of which cash collection is only a small part, is £248,900.

4. FINDINGS

- 4.1 In overall terms, the audit concluded that cash collection is well managed with established procedures and sound controls in place. Efforts to reduce the number of transactions processed are bearing fruit as the number is reducing over time.
- 4.2 In respect of the controls examined the findings are as follows:
- 4.3 **Receiving and receipting monies**
- 4.3.1 Most of the remittances received in the DMC are through the post and they cover the full range of income types with NNDR and Sundry Debtors being the most frequent. A relatively small number of internal transactions are processed (Crematorium and Housing income for example) together with certain staff payments. All of the RH reception transactions relate to payments in person and they are mainly in respect of planning applications and "taxi" related income.
- 4.3.2 All payments are receipted using the PARIS income management system and are usually dealt with on the day of receipt. If any payments are received in RH reception after the till has been cashed up they are receipted manually and then processed through PARIS the following morning. The DMC till closes at noon each

day and any internal payments received after this time are processed by RH reception.

4.4 Cash up and banking

- 4.4.1 The tills in the DMC and reception are cashed up at the end of each session and a report is generated of the amount receipted which is then used to balance against the amount taken. The reports are signed by the person performing the task and they are then filed.
- 4.4.2 The daily reports for June 2012 were examined in detail. All had been signed by a member of staff and there were no discrepancies between the amounts receipted and the amounts taken.
- 4.4.3 When the till has been balanced the cash and cheque takings are bagged separately and placed in the safe in the DMC awaiting collection by G4S which takes place twice a week. The bags from RH reception are taken to the DMC each day and the hand over of the bags is recorded together with the bag numbers.
- 4.4.4 The bag numbers used in the DMC are recorded on the same form and the information is used as a cross check on the number of bags picked up by G4S and the receipt that they provide.

4.5 Independent monitoring

- 4.5.1 As part of the overall monitoring of the council's bank account the details of the amounts taken each day in the DMC and RH reception are extracted from PARIS by an accountancy assistant in Financial Services and then compared with the actual amount banked.
- 4.5.2 A sample of five days from June 2012 was checked against the records maintained for this purpose and all bankings agreed. It was reported that any discrepancies between recorded and actual bankings are few and far between.

4.6 Security

- 4.6.1 The DMC is situated on level one of Riverside House away from public view and is only accessible to a restricted number of staff by means of an access card. Other members of staff, Royal Mail and G4S have to request access using a bell and are only admitted if known.
- 4.6.2 The RH reception area is very open with only a counter between staff and the public. This represents a risk but there have been no reported robbery attempts possibly because reception is not generally seen as providing a cashiering function and nor is it advertised as such. The till drawer is under a counter out of sight of visitors and cashing up takes place in a separate room again out of sight from the public.
- 4.6.3 Both DMC and RH reception have lockable safes with adequate key control. Members of staff have their own keys for the till drawers.

5. NUMBER OF TRANSACTIONS PROCESSED

5.1 On the grounds of cost and efficiency the council is keen to increase the numbers of transactions processed using the preferred options and thereby reduce the number of transactions made using the post or in person. The DMC is continually active in attempting to achieve this aim and definite improvements are being made.

5.2 The number and value of transactions processed through the DMC over the last two complete years is as follows:

2010/2011	19,296 receipts	Value £8.5 million
2011/2012	15,276 receipts	Value £6.8 million

5. CONCLUSION

5.1 The audit concluded that there are sound systems and procedures in place to manage cash collection in the DMC and RH reception.

5.2 The audit can therefore give a **SUBSTANTIAL** level of assurance that the systems and procedures in place are appropriate and working effectively.

Richard Barr
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