

# **Newbold Comyn Leisure Centre Cashier Fraud**

## **Investigation Report**

### **1 Background**

- 1.1 Following concerns raised by a supervisor about the handling of income by a colleague an investigation was undertaken by Internal Audit.
- 1.2 The concerns originated from a customer advising a swimming attendant that, despite paying for the use of the sauna, they had been issued with a nil value receipt.
- 1.3 The swimming attendant alerted the supervisor on duty who then studied CCTV footage of that day.
- 1.4 The supervisor identified 17 occasions that day where the cashier had seemingly taken cash payments but issued nil value receipts.
- 1.5 The CCTV footage appeared to show that the cashier was removing money from the till periodically during her shift and not replenishing with change.
- 1.6 It is not possible to quantify precisely the amount stolen on that day but it is considered to be in the region of £50.

### **2 Investigation**

- 2.1 Cultural Services was requested to secure as much CCTV footage as possible, burning the previous two weeks' CCTV recordings onto discs (although the cashier in question was on leave for one of these weeks).
- 2.2 In addition, income reports were produced for the last three months to try to gauge how long the cashier had been perpetrating the fraud and how their cashiering activity compared to others.
- 2.3 The proportion of nil receipts issued by the cashier during the period examined was found to be in the middle of all cashiers who had issued nil receipts, suggesting that the employee had not been carrying out the fraud for long or, if they had, that it was on a small scale.
- 2.4 The analysis did not reveal any unusual results except the proportion of nil receipts issued by one cashier rose sharply in the last month. Although there is very likely to be a legitimate reason for this it was never-the-less referred to Cultural Services for investigation.
- 2.5 The incident was reported to the police for investigation. A crime number was raised and a statement given by the Audit & Risk Manager. The police investigated the incident and interviewed the cashier.

- 2.6 The cashier admitted the fraud and was issued with a formal caution.
- 2.7 The cashier reported that they had been taking money in this way for “three to four weeks”. The loss is therefore estimated to be in the hundreds of pounds.
- 2.8 The cashier was suspended by line management but resigned before her disciplinary meeting.

### **3 Control Issues**

- 3.1 The issue has highlighted the importance of the receipting procedure with the control being the expectation by the customer that they will receive a valid receipt that reflects accurately their purchase. In other words, the control is the need for customers to ensure that the payments they make are receipted correctly.
- 3.2 It is therefore **recommended** that notices should be displayed prominently at leisure centres advising customers to ensure that they obtain a receipt and to check it.
- 3.3 It is suggested that the notice states something like:  
“Please ensure that you obtain a receipt when paying and check it immediately to confirm that it is correct.”
- 3.4 There are, of course, shorter versions that could be used such as: “Please obtain and check your receipt”.
- 3.5 There is a strong argument that the type of analysis undertaken by Internal Audit of the income reports should be an ongoing high-level management control.
- 3.6 It is therefore **recommended** that income reports be produced regularly and examined by Centre Managers for anomalous activity, with any queries to be brought to the attention of Cultural Services management and pursued vigorously.
- 3.7 It is suggested that such examination should include monitoring the proportion of nil receipts issued by cashier.
- 3.8 Cultural Services has been asked for their views on the audit programme for leisure centres.
- 3.9 Prior to the start of leisure centre audits, Internal Auditors discuss the audit programme with Centre Managers. (The audit programme details the tests that are to be performed for the audit.) Generally no concerns are raised so the standard programme tends to be followed.

- 3.10 Although the types of issues that have recently been encountered would be fairly hard to pick up during standard audit checking performed during these 'establishment' type audits, a review of the programme may help to enhance the controls at the centres and allow Cultural Services to feed in any issues that it feels need to be addressed.
- 3.11 As someone who has an overview of the workings of all of the centres, the Sports and Leisure Manager was contacted for his views and a meeting is to be arranged to review the audit programme for leisure centres.

#### **4 Conclusions**

- 4.1 This type of fraud is known to be difficult to prevent. It has been stopped in this instance by the alertness of a member of the public and the professionalism of two members of staff.
- 4.2 It is not known for certain how long the fraud has been going on and how much money has been stolen. The indications are, however, that it was over a short period and involved hundreds of pounds.
- 4.3 The measures recommended in section 3 above, together with the continued vigilance of staff, should help prevent and/or identify any further attempts of this nature to defraud.

Richard Barr  
Audit & Risk Manager  
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