



Internal Audit Report

To: Head of Finance
Subject: Cash Receipting - Engineering and Property
Audit report reference: GBC 36 – 7 (of 7)
Date: February 2005

Control objective 1: Secure arrangements exist for the collection and recording of income collected by Engineering and Property.			
Risk: Income may be misappropriated			
Expected control	Audit findings	Expected control met	Audit recommendation <i>and management response, officer responsible and date for implementation</i>
1.1 Income is only collected and handled by authorised officers.	Staff in the Direct Services Administration Office open the mail, which may contain income.	Yes	
1.2 Official receipts are issued for all cash and cheques collected. Receipt details include the following: date, payer, description, account reference, FMS code, amount / VAT details and receipt number.	<p>The cashier in the Civic Centre Cash Office prints receipts for income received on a miscellaneous income receipt.</p> <p>All income is entered in the Cash Book and an individual receipt is issued.</p>	Yes	
1.3 Income collected relates to approved charges of the Authority.	The income is collected as per the charges set by the Authority in April 2004.	Yes	

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1.4 The duties of cash collection and cash reconciliation are subject to appropriate separation of duties.	<p>Income is recorded by Direct Services staff. It is then passed to the Acting Finance and Administration Manager who checks the amounts and seals the envelope before it is taken to the Civic Centre Cashiers for banking.</p> <p>The cashier at the Civic Centre signs for each individual payment in the cash book and issues an official receipt.</p> <p>The reconciliation is then carried out in the Finance and Administration Office on a monthly basis.</p> <p>The income from April 2004 was checked as part of the audit visit.</p>	Yes	
1.5 Regular reconciliations are carried out between income collected and the accounting records in FMS.	Reconciliations are carried out on a regular basis by staff in the Finance and Administration Office – Jubilee House.	Yes	
1.6 Income is handled and transferred securely.	The income is conveyed in a plain sealed and signed envelope to the Civic Centre, if there is a large number of cheques or any cash it would be transported in a vehicle. Discussion and observation confirmed this.	Yes	
1.7 Income is held securely prior to being transferred or being paid into the bank.	The income is kept in a locked draw pending banking at the Civic Office. Discussion and observation confirmed this.	Yes	

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1.8 All income is banked promptly with the cashier or, where appropriate, to the Authority's bank account.	Income, is normally banked on the day it is received by the office. However, at the time of the audit visit it was found that cheques had been left in the office drawer from the previous week. This was because the person who normally deals with the income was on sick leave. Some of this income had not been stamped on receipt into the office.	No	<p>Income should always be banked on the day it is received. Where staff are away from the office, alternative arrangements for processing income should be made. (Medium Risk)</p> <p><u>Response of the Head of Engineering and Property</u> From April 2005 Direct Services will be responsible for the processing of income received by Engineering and Property.</p> <p><u>Officer Responsible</u> Admin and Customer Services Manager</p> <p><u>Date for Implementation</u> April 2005</p>
1.9 Personal cheques are not encashed.	No personnel cheques are cashed through the income collected. This was confirmed by discussion.	Yes	
1.10 An adequate audit trail exists to record the transfer of cash between departments and officers.	There is a signed audit trail for the movement of income collected.	Yes	
1.11 Official receipts are controlled effectively.	The official receipts are issued at the main Civic Centre Cash Office when the income is banked.	Yes	