

**Internal Audit Report
Executive Summary****CONFIDENTIAL**

To: Head of Finance
Subject: Cash Receipting
Report reference: GBC 36
Date: February 2005

1 Introduction

- 1.1 The attached report sets out the findings and recommendations arising from a recent review of the cash receipting system in the Gedling Borough Council Departments.
- 1.2 Income processed through the cash receipting system in 2003/04 was approximately £19 million.

2 Objectives and scope of the audit

2.1 Objectives:

The objectives of the audit were the following:

- to document the systems and evaluate the controls in operation to ascertain their adequacy and effectiveness; and
- to test transactions for compliance with documented procedures and controls.

2.2 Scope:

The following control objectives were examined:

- secure arrangements exist for the collection and recording of income collected by the following six departments. These were not covered during the previous audit:-
 - Housing
 - Finance
 - Legal and Administration
 - Land Charges
 - Personnel and Organisational Development
 - Planning and Environment
 - Engineering and Property

The core system along with Leisure Services and Direct Services were audited during a previous audit earlier in 2004 and the findings are set out in report GBC 29. The formal responses to the recommendations made had not been finalised when this audit commenced and, therefore, a follow-up was not appropriate.

3 Main Findings

- 3.1 With the exception of the Legal and Administration Department, the level of control in each Department visited was found to be generally sufficient to guard against serious error or fraud, however, a number of recommendations have been made to complement the core controls already in place.
- 3.2 Detailed findings for the Departments reviewed during this audit are set in separate reports for each Department. An overview showing the findings by Department for each of the control objectives examined is attached at Appendix 'A'.

4 Audit opinion

- 4.1 In our opinion, most of the arrangements for the control over income received are satisfactory except for the Legal and Administration Department where the controls are unsatisfactory. Where we have identified control weaknesses, we have made recommendations to bring the financial controls up to the standards required by Financial Regulations.

**Audit conducted by:
Diane Ryder
Auditor**

**Audit supervised by:
Roger Smith ACMA
Assistant Audit Manager**

**J K Nash CPFA
Assistant Treasurer**

Audit Report GBC 36 - Overview of audit findings by Department

APPENDIX 'A'

Control Objective	Description	Housing Dept	Finance Dept	Legal and Administration	Land Charges	Personnel and Org Dev	Planning and Environment	Engineering and Property
1.1	Income is only collected and handled by authorised officers.	Y	Y	Y	Y	Y	Y	Y
1.2	Official receipts are issued for all cash and cheques received.	Y	Y	N	Y	Y	Y	Y
1.3	Income collected relates to approved charges.	Y	Y	Y	Y	Y	Y	Y
1.4	The duties of cash collection and cash reconciliation are subject to appropriate separation of duties.	Y	Y	Y	Y	Y	Y	Y
1.5	Regular reconciliations are carried out between income collected and the accounting records in FMS.	Y	Y	N	N	N/A	Y	Y
1.6	Income is handled and transferred securely.	Y	Y	Y	Y	Y	Y	Y
1.7	Income is held securely prior to being paid in to the bank.	N	Y	N	N	Y	Y	Y
1.8	Income is banked promptly into official bank accounts.	Y	Y	N	Y	Y	Y	N
1.9	Personal cheques are not encashed.	Y	Y	Y	Y	Y	Y	Y
1.10	An adequate audit trail exists for the transfer of cash between departments and officers	Y	Y	N	Y	Y	Y	Y
1.11	Official receipts are controlled effectively.	Y	Y	Y	Y	Y	Y	Y