
Cash Handling Review
Commonwealth Sports & Fitness Centre
February 19, 2003

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Introduction

Cash Handling Reviews determine whether cash resources are handled in a manner consistent with established City requirements and whether they are adequately safeguarded against loss. They also assess the adequacy and effectiveness of internal controls within each 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 Office of the City Auditor (OCA) in conjunction with Corporate Services, Finance Branch selected six cash handling projects for review in 2002. 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 Commonwealth Sports & Fitness Centre, with an estimated annual revenue of approximately \$1.5M, was selected for review based upon these criteria.

Objectives

The objective of this review was to assess the level of compliance with established City policies & procedures for cash handling, and to evaluate the adequacy and effectiveness of controls over cash handling at the Commonwealth Sports & Fitness Centre.

Scope and Methodology

The review was limited to the cash handling practices at the Commonwealth Sports & Fitness Centre. This facility offers a wide range of sport and fitness services, amenities and programs. The general event and concession revenues of the Stadium itself were not within the scope of this review.

The OCA reviewed the physical security and cash handling procedures and practices at the fitness centre, and conducted several audit tests to assess the adequacy and effectiveness of cash handling controls. Areas reviewed included (a) cash equipment, vaults and skimsafes; (b) controls over floats; (c) refunds, voids, cancellations and no sales; (d) reconciliation of daily sales and deposit preparation; (e) reconciliation of program registration data with daily sales (POS) data; and (f) maintenance of pass inventory records.

Observations and Analysis

Earlier in the year, a scheduled in-house review was conducted by the Cash Handling and Business Processes Supervisor of Community Services, with the assistance of a Cash Consultant from the Finance Branch of Corporate Services. This internal review covered many of the same topics that would normally fall into an OCA review and it identified a number of control weaknesses at the Fitness Centre. Improvement suggestions were provided to management regarding such matters as cashing out, segregating cashier duties, monitoring cashier operations, refund documentation, and reconciliation requirements between the CLASS Program Registration and CLASS Point of Sale systems.

The OCA has reviewed the working papers of this team and the recommendations made, and has placed reliance on the internal review conducted. Consequently, the observations and recommendations made by this team are not included in this report.

Several additional opportunities for improvement were noted by the OCA during its review, and recommendations were provided to management to address these concerns. These related to matters such as post-dated cheques, retention of credit card data, logging off terminals when leaving the work area, timing of activities at end of shift, and the completeness of data on audit and reset tapes.

Conclusions

In all cash reviews conducted by the OCA, the OCA's goal is to provide assistance in helping the Administration to strengthen internal controls and to improve methods of prevention and detection of fraud. Throughout this review the OCA discussed the control weaknesses and recommendations to improve controls with Community Services representatives. Those representatives were very receptive to all recommendations made by the OCA, and have taken steps to ensure that their cash handling procedures are updated to reflect these control recommendations.

We wish to thank the staff at the Commonwealth Sports & Fitness Centre for their cooperation and support during this review.