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**Cash Handling Review**  
**City Archives**

August 23, 2005

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# Cash Handling Review

## City Archives

### 1. 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 cash-handling locations. 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) selected five cash-handling projects for review in 2005. 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 Community Services – City Archives, with annual revenue of approximately \$100K was selected for review based on these criteria.

### 2. Background

The City Archives located in the Prince of Wales Armouries is operated by the Recreation Facility Services Branch of the Community Services Department. The facility offers a small number of archival or historical related products and services. The facility also rents out meeting rooms and banquet facilities contained within the Prince of Wales Armouries.

The cashier for the City Archives is located on the second level of the facility. They collect monies from customers for facility booking and purchases of archival/historical products (e.g., photographs and books about Edmonton). Payment for products or facility usage may be made by cash, cheque, credit card, or debit card. Each cashier has a separate log-in identification for the Point of Sale (POS) system (CLASS). Each cash register transaction and activity is recorded by the POS system.

All monies are deposited into the City's bank and the deposit information is sent to the Finance Branch for follow-up and reconciliation with the POS system and SAP (the City's financial information system). For each shift, cashiers prepare a deposit which is reconciled to the point of sale system

**3. 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 City Archives with the intent to minimize loss of revenue resulting from theft or error.

**4. Methodology and Scope**

The OCA reviewed the physical security and cash handling procedures and practices at the facility and conducted several audit tests to assess the adequacy and effectiveness of cash handling controls. Areas reviewed included (a) cash equipment, vaults and skim safes; (b) controls over floats; (c) controls over refunds, voids and cancellations; (d) reconciliation of daily sales and deposit preparation. The OCA staff reviewed cash handling procedures at the facility for the period December 2004 to July 2005.

**5. Observations and Recommendations**

**5.1 Inventory of Retail Products**

The City of Edmonton Archives centre offers a small collection of books and photographs for resale. Inventory records are not maintained and reconciliation to sales revenue is not performed. These controls are necessary to minimize inventory shrinkage due to theft or error.

<b>Recommendation #1</b>	<b>Management Response and Action Plan</b>
<p>The Office of the City Auditor recommends that:</p> <ul style="list-style-type: none"> <li>a) all inventory items purchased for resale at the City Archives be recorded in an inventory management system.</li> <li>b) periodic surprise inventory counts be performed to test the accuracy of the system and the completeness of sales revenue.</li> </ul>	<p><b>Accepted</b>                      Comments: All resale merchandise will be entered into the inventory module of CLASS for inventory tracking. Periodic checks will be completed comparing inventory turnover to sales revenue. An annual physical inventory will also be conducted.</p> <p>Planned Implementation: December 31, 2005                      Responsible Party: Director, Customer Relationship Management</p>

**Conclusions**

In all cash reviews conducted by the OCA, the OCA's goal is to provide assistance in helping the Administration strengthen internal controls and to improve methods of prevention and detection of fraud.

We wish to thank the staff and management of the facility for their cooperation and support during this review.