



OFFICE OF THE
City Auditor

City Archives Cash Handling Follow Up

May 7, 2008

The Office of the City Auditor conducted
this project in accordance with the
*International Standards for the
Professional Practice of Internal Auditing*

City Archives Cash Handling Follow-up

1. Introduction

The Office of the City Auditor (OCA) performed a follow-up review to determine the status of the two recommendations contained in the City Archives - Cash Handling Review which was issued on August 23, 2005. The City Archives is located in the Prince of Wales Armouries and 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.

2. Summary of Original Report

The primary objective of the original report was to determine whether cash resources were handled in a manner consistent with established City requirements and whether they were adequately safeguarded against loss. The review also assessed the adequacy and effectiveness of internal controls within cash-handling locations. In addition, 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).

Our original review determined two control deficiencies: first that inventory records were not being maintained and secondly that a reconciliation to sales of inventory items was not being performed. These controls are necessary to minimize inventory shrinkage due to theft or error. It was from these control issues the two recommendations were created.

3. Scope and Methodology

This follow-up was limited to reviewing the action taken to address the two recommendations contained in the original report. The review was undertaken using our standard follow-up processes starting with a review of documented actions of the practices and process currently in place at the City Archives. This was done primarily through discussions with management and staff, and where required, validation of information provided to demonstrate the actions taken.

4. Current Status

4.1. Recommendation 1a - Complete

The Office of the City Auditor recommends that all inventory items purchased for resale at the City Archives be recorded in an inventory management system.

The OCA confirmed that the inventory is now being recorded into the Point of Sale (POS) system. In addition, we confirmed that when sales of inventory items occur, that they are appropriately being accounted for in the inventory system.

4.2. Recommendation 1b - Complete

The Office of the City Auditor recommends that periodic surprise inventory counts be performed to test the accuracy of the system and the completeness of sales revenue.

The General Supervisor performed two surprise inventory counts in 2007, one of which the OCA observed. Management has committed to sustaining ongoing surprise inventory counts to test the accuracy of the system and the completeness of sales.

4.3. Summary Results

The OCA assessed the implementation status of management's actions to address the two recommendations contained in the original report. The following table summarizes the implementation status for each recommendation.

Appendix	Status	Number
–	Complete	2
–	In progress	–
–	Not implemented	–
–	No longer applicable	–
	Total recommendations	2

5. Conclusion

The OCA believes that the recommendations have been satisfactorily completed and that Management remains committed to ongoing adherence of cash handling procedures.

We thank all City staff who participated in this review for their support, cooperation and feedback.