

Area of Review	Cash Management
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1. **BACKGROUND**

As part of the 2020-21 Internal Audit Plan a review of the key controls in place for Cash Management.

Responsibility for Cash Management lies with the Head of Corporate Services, with the day to day administration and management of the function outsourced to Capita.

2. **SCOPE OF THE REVIEW**

The audit approach has been to review processes surrounding the below stated control objectives, perform walkthrough testing, where appropriate, and assess the effectiveness of internal controls and ensure risk is managed effectively.

3. **CONTROL OBJECTIVES**

The scope of this review has encompassed the following control objectives:

Control Objectives	
1	That all income is properly accounted for
2	That income is held securely
3	That income is banked in a timely manner
4	That the Cashiering function is properly resourced

4. **AUDIT APPROACH**

Our audit approach to this review has been to:

- Obtain and understanding of the relevant processes through discussions with key personnel, review of systems documentation and perform walkthrough tests where appropriate.
- Identify the key risks within the function.
- Evaluate and test the effectiveness of the controls in place to address these risks.
- This review has been undertaken in compliance with the Internal Audit Public Sector Standards.

5. OPINION ON CONTROL FRAMEWORK

The overall level of opinion that can be provided on the internal control framework for this review is:

Levels of Assurance	
Substantial	Substantial assurance given where there is a sound system of controls in place, which applied consistently to enable achievement of the intended objective.
Satisfactory	Satisfactory assurance given where there is generally a sound system of internal control in place with only minor lapses, and in general, objectives achieved.
Limited	Limited assurance is given where controls in place are not always applied and objectives may not be achieved, meaning the Council is exposed to the risk of financial loss, fraud or the loss of reputation.
None	No assurance is given where weaknesses in control has resulted if a failure to achieve objectives

6. SUMMARY OF FINDINGS

Control Objective One: That all income is properly accounted for

- The council has a set of financial regulations in place although it is noted that they are currently being reviewed and updated.
- The council has appropriate processes in place that allows income received to be properly recorded through the Income Management system.
- Testing shows the council has satisfactory controls in place that ensure income is correctly processed and properly accounted for via Pay360.
- The council has an appropriate suspense accounts in place to record unidentified payments that are received.
- The council has an up to date and accurate monthly bank reconciliations in place that provides assurance differences between the cash book and bank statements are identified and processed accordingly.

Control Objective Two: That income is held securely

- The council has satisfactory controls in place that ensure income is received in a secure environment.
- Appropriate backups are in place concerning Pay360.
- There is a regular review of Integra's system user access to ensure it isn't used inappropriately.

Control Objective Three: That income is banked in a timely manner

- Testing shows processes are established that ensure income is banked in a timely manner. Although there is scope to reduce the number of collections by Loomis Security to a weekly given that the Council rarely holds cash on-site.
- Appropriate insurance arrangements are in place for holding cash on-site up to the value of £20,000, providing it is held securely.

Control Objective Four: That the Cashiering function is properly resourced

- The current resource is provided by Capita and is sufficient to provide the service. It is noted that the Cashier Function will be brought back in house as part of the transition of Exchequer Services from Capita to an in-house function.

Summary of Identified Risks

Ref	Risk/Issue	Risk Assessment	Management Response	Responsible Officer	Target Date
1	The council should ensure that photo ID of LOOMIS staff is created and published in the Cash Office.	Low	We will check with Loomis as to whether they can provide this for the staff that carry out this service. If this is possible we will provide this.	Head of Corporate Services	30/11/20
2.	Consider reducing the number of cheque collections made by LOOMIS to a weekly collection rather than twice weekly.	Low	This will be reviewed as part of the ongoing delivery of the Corporate Services contract.	Head of Corporate Services	31/03/21