



City of Markham

Report of the Auditor General Cash Handling Audit – Follow Up

Presented to: General Committee of Council, City of Markham

Date: November 12, 2018

BACKGROUND

On April 18, 2017, the Cash Handling Audit Report was issued, evaluating the City's cash handling processes and internal controls.

The results of the audit identified six low priority observations and corresponding recommendations.

A follow-up audit on all observations was completed in August 2018.

1. CASH HANDLING POLICIES AND PROCEDURAL DOCUMENTS

LOW

Audit Recommendation:

To ensure a consistent application of all City policies and procedures, management should prepare a Cash Handling Policy, Cash Handling Process and Procedures Manual, and Change Float Policy and Procedures.

Remediation Status: Complete

The City has prepared a Corporate Cash Handling Policy and Cash Handling Procedures issued to City departments September 2018. The Policy and Procedures includes direction and roles and responsibilities for the major areas within Cash Handling (i.e. Safeguarding of Cash, Segregation of Duties, Collecting and Receipting, Refunds, Deposit Preparation, Change Floats, Audit).

2. POINT OF SALE (POS) SYSTEM CONTROLS

LOW

Audit Recommendation:

Management should ensure that each staff uses their own unique log-in ID to process transactions. In addition, each POS terminal should have a short time-out window (i.e. five minutes or less) so that the system can automatically log-out staff.

Management should ensure that all City POS system cash tills are programmed so that they do not open for non-cash transactions.

Remediation Status: Complete

The City has implemented automatic log-out windows for all POS terminals at City locations. The timing for the automatic log-out has been set to either a 0, 2, or 5 minute window, requiring staff to use their unique log-in ID to process transactions.

The City has programmed all cash tills to only open when cash transactions occur (and not for credit card and debit card payments).

3. ACCESS TO AND LOCATION OF SAFES

LOW

Audit Recommendation:

Management should ensure that cash safes are physically maintained in locations with reduced visibility and accessible only to individuals requiring access.

All cash tills should be stored in a safe when not in use.

Remediation Status: Complete

The City has rectified the high visibility locations of the safes, as well as restricted access to safes by non-senior personnel.

Cash tills are locked within a safe overnight.

4. INCONSISTENT APPLICATION OF CASH HANDLING PROCEDURES

LOW

Audit Recommendation:

Management should ensure that at least two individuals be present throughout cash counting and verification processes for public skating.

In addition, all cash counts, cash pick-ups and reconciliation procedures performed should be documented on a daily basis and have a second person verifier sign-off.

Remediation Status: Complete

The City has implemented procedures to include that a second staff member be present to verify cash counts and reconciliations on a daily basis, and for the second person verifier to document their review and sign-off.

5. SECURITY CAMERA PLACEMENT

LOW

Audit Recommendation:

Management should assess security cameras for optimal placement (i.e. unobstructed view with maximum coverage) on a regular basis.

Remediation Status: Complete

The City has reviewed security camera placement with the City's security provider and have made adjustments to the positioning of cameras to provide a better view of the surrounding areas.

6. REPORTING OF SUSPECTED WASTE, FRAUD OR WRONGDOING

LOW

Audit Recommendation:

A dedicated whistleblower hotline can add value to the City's control environment by:

- Providing whistleblowers with a source of advice and an opportunity to report issues to an individual completely independent of management or HR.
- Provide an additional channel for members of the public to report potential issues they have experienced/seen.
- Increase the level of transparency and accountability at the City.

Remediation Status: Complete

The City's Legislative Office assessed various whistleblowing hotline options which were presented to the Executive Leadership Team in May 2018. Management determined that the City's current Accountability and Transparency Framework will be enhanced to include fraud, waste and wrongdoing. The six enhancements to the existing framework are targeted for completion by Q1 2019.

The City has planned to reassess the need for a separate hotline in Q2 2020.

OVERALL RECOMMENDATION

The Auditor General recommends that:

- The Cash Handling Audit – Follow Up Presentation be received.

ACKNOWLEDGEMENT

MNP extends our appreciation to the staff and management of the City for their co-operation and assistance throughout the engagement.

