

## GLASGOW CITY COUNCIL INTERNAL AUDIT SECTION

### COMMITTEE SUMMARY

---

**Title of the Audit:** Financial Services – Income Management – John Street Cash Office

#### 1. Introduction

- 1.1 As part of the Internal Audit plan we have carried out a review of the arrangements in place within Financial Services (FS) for the management, collection and security of cash within the John Street service desk establishment.
- 1.2 The cash office within John Street is the main counter for the public to pay bills and fines directly to the Council by cash, cheque, or debit / credit card. Members of the public may also attend the cash office to collect payments they have been awarded by the Council e.g. Scottish Welfare Fund payments. The cash office accepts payments for a variety of Glasgow City Council services and those provided by Arms Length External Organisations (ALEOs).
- 1.3 The scope of the audit was to ensure that there are effective income management arrangements in place at the establishment and gain assurance that they are operating as expected. This involved a review of the following:
- The cash arrangements at John Street including cash management procedures, processes for the collection, receipt and reconciliation of cash and refund / cancellation arrangements;
  - The safe logs and till / safe variance records, including spot checks of tills / safe;
  - The banking arrangements including appropriate segregation of duties; and
  - The Money Laundering detection arrangements in place.

#### 2. Audit Opinion

- 2.1 Based on the work carried out a reasonable level of assurance can be placed upon the control environment. The audit has identified scope for improvement in existing arrangements and four recommendations which management should address.

#### 3. Main Findings

- 3.1 We are pleased to report that the key controls are in place and generally operating effectively. There are robust controls in place to ensure the security of cash held. Access to the cash office is restricted to appropriate officers only. We found that reconciliations were completed to determine that all funds received had been correctly recorded, receipted and banked and adequate segregation of duties were in place for this process. We identified that relevant officers are aware of the general information contained in the Council's Proceeds of Crime / Money Laundering Guidance and were following the procedures as expected. We also observed that there was appropriate signage relating to anti-money laundering regulations clearly displayed within the public area.
- 3.2 However, our audit testing found that there are some areas of non-compliance. We found that variances identified were not subject to the appropriate level of review or authorisation. Although there were CCTV cameras in operation, we observed that appropriate signage relating to CCTV was not clearly displayed within the public area. We have also

# GLASGOW CITY COUNCIL INTERNAL AUDIT SECTION

## COMMITTEE SUMMARY

---

**Title of the Audit:** Financial Services – Income Management – John Street Cash Office

identified some improvements for the procedures currently in place for the processing of reversals and miscellaneous expenditure.

3.3 An action plan is provided at section four outlining our observations, risks and recommendations. We have made four recommendations for improvement. The priority of each recommendation is:

Priority	Definition	Total
High	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	0
Medium	Less critically important controls absent, not being operated as designed or could be improved.	2
Low	Lower level controls absent, not being operated as designed or could be improved.	2

3.4 The audit has been undertaken in accordance with the Public Sector Internal Audit Standards.

3.5 We would like to thank officers involved in this audit for their cooperation and assistance.

3.6 It is recommended that the Head of Audit and Inspection submits a further report to Committee on the implementation of the actions contained in the attached Action Plan.

# GLASGOW CITY COUNCIL INTERNAL AUDIT SECTION

## COMMITTEE SUMMARY

**Title of the Audit:** Financial Services – Income Management – John Street Cash Office

No.	Observation and Risk	Recommendation	Priority	Management Response
<b>Key Control:</b> Income is recorded and reconciled effectively				
1	<p>An imprest is held within the cash office to issue change to other tellers and to make miscellaneous payments.</p> <p>From a cash count of the funds held, we identified a small variance between the cash held and the CRS which was not material. We observed that a miscellaneous expenditure form was used by the cash office supervisor to adjust for the variance identified in order to reconcile the CRS record to the level of cash held, however, this was not subject to any authorisation process to validate the adjustment being processed through the CRS system.</p> <p>This increases the risk that variances are written off without being subject to appropriate review and authorisation.</p>	<p>FS Management should review the current process in place for the treatment of variances identified between the CRS and cash held to ensure that variances are subject to the appropriate level of review and authorisation.</p>	<p><b>Medium</b></p>	<p><b>Response:</b></p> <p>The adjustment for the variance is recorded on both CRS &amp; SAP systems as a variance.</p> <p>The Service Desk manager now authorises variance paperwork for the cash office imprest.</p> <p><b>Officer Responsible for Implementation:</b></p> <p>Customer Operations Manager</p> <p><b>Timescale for Implementation:</b></p> <p>31 March 2019</p>

# GLASGOW CITY COUNCIL INTERNAL AUDIT SECTION

## COMMITTEE SUMMARY

**Title of the Audit:** Financial Services – Income Management – John Street Cash Office

No.	Observation and Risk	Recommendation	Priority	Management Response
<b>Key Control:</b> Income is recorded and reconciled effectively				
2	<p>All reversals processed by the tellers should be subject to supervisor review and authorisation. However, we found that this was a manual process and that there are no preventative controls in place within the CRS which would prevent tellers from processing a reversal without any review or authorisation taking place, although periodic random spot checks on reversals processed will be carried out by the cash office supervisors.</p> <p>This increases the risk that unauthorised reversals are processed through the cash receipting system.</p>	<p>As part of the implementation of the Capita Pay360 system (replacement for CRS), FS Management should review the process in place to identify further controls that could be adopted for the review and authorisation of reversals.</p>	Medium	<p><b>Response:</b></p> <p>Development request sent to Capita Pay 360 project manager</p> <p><b>Officer Responsible for Implementation:</b></p> <p>Customer Operations Manager</p> <p><b>Timescale for Implementation:</b></p> <p>31 March 2019</p>

# GLASGOW CITY COUNCIL INTERNAL AUDIT SECTION

## COMMITTEE SUMMARY

**Title of the Audit:** Financial Services – Income Management – John Street Cash Office

No.	Observation and Risk	Recommendation	Priority	Management Response
<b>Key Control:</b> Signs informing customers that CCTV cameras are in operation are prominently displayed				
3	<p>Although there are CCTV cameras in operation, at the time of the audit visit, we found that there were no signs in place advising customers of this. We were advised that the signs had previously been in place and had been removed in order that they could be updated to reflect the transfer of responsibility from Community Safety Glasgow to Glasgow City Council.</p> <p>This increases the risk that the Council is not compliant with the Data Protection Act.</p>	<p>FS Management should ensure that signs advising customers that CCTV is in operation are be visible to customers at all times.</p>	<p><b>Low</b></p>	<p><b>Response:</b></p> <p>CCTV Signs with CSG logo incorporated within the sign were removed by security guard without the knowledge of City Chambers Facilities Management and Service Desk Management. On notification by IA signs were missing, temporary signs were put up immediately and proper printed signage arrived the following day and was put on display.</p> <p><b>Officer Responsible for Implementation:</b></p> <p>Customer Operations Manager</p> <p><b>Timescale for Implementation:</b></p> <p>31 March 2019</p>

**GLASGOW CITY COUNCIL INTERNAL AUDIT SECTION**  
**COMMITTEE SUMMARY**

---

**Title of the Audit:** Financial Services – Income Management – John Street Cash Office

No.	Observation and Risk	Recommendation	Priority	Management Response
<b>Key Control:</b> All miscellaneous expenditure is appropriate and has been correctly authorised				
4	<p>The Council's Executive Compliance Unit (ECU) are required to authorise any miscellaneous expenditure request that is submitted for a cash advance. However, currently arrangements have not been put in place to formally record authorisation or any instance where requests have not been authorised.</p> <p>This increases the risk that there is an incomplete audit trail for cash advance authorisations.</p>	<p>The ECU should formalise the arrangements currently in place for the review and authorisation of the miscellaneous expenditure process.</p>	<p><b>Low</b></p>	<p><b>Response:</b></p> <p>Log to be introduced to record all cash advance requests.</p> <p><b>Officer Responsible for Implementation:</b></p> <p>Head of Executive Compliance</p> <p><b>Timescale for Implementation:</b></p> <p>31 March 2019</p>