



## 2.2 Collection of Money at Remote Sites

- 2.201 Last year, we said that our auditors would be reviewing councils' policies and procedures for cash collection at remote sites.<sup>5</sup>
- 2.202 As providers of a wide range of goods and services in different places, local authorities receive high volumes of small amounts of cash at sites away from the main council offices.
- 2.203 The establishment of strong internal controls for the collection of cash at these remote sites is necessary to prevent mishandling and safeguard against loss. The readily realisable nature of cash also makes it particularly prone to loss.
- 2.204 Where money is collected at a remote site, the potential for risk increases because:
- the ability to separate duties between people is usually limited; and
  - the distance of the site from the main council offices might mean that the local authority's standard internal controls are not capable of operating.

### The Work That Our Auditors Performed

- 2.205 Our auditors reviewed the written procedures that each local authority has for the collection of council money at remote council sites.
- 2.206 Our auditors then:
- selected one remote site to review cash collection procedures;
  - discussed the cash collection and banking procedures with the relevant council staff at the site;
  - performed a "walk-through" test of the procedures; and
  - considered whether the procedures being followed were consistent with the council's specified procedures.

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<sup>5</sup> *Local Government: Results of the 2000-01 Audits*, parliamentary paper B.29[02c] 2002, pages 73-75.





- 2.207 To assist our auditors in undertaking this work we provided best practice guidance on the procedures that councils should have in place for collection of cash at remote sites. The tenor of that guidance is given in Appendix 2 on pages 103-106.
- 2.208 We asked our auditors to raise any issues of concern arising out of this work with the local authority directly.

**TWO**

## What We Found

- 2.209 Our auditors selected a range of remote sites – including area offices, libraries, landfills, museums, swimming pools, and, in one case, the council-owned zoo.
- 2.210 On the whole, our auditors concluded that the controls were operating effectively for cash collection at remote sites.
- 2.211 Our auditors found that councils had documented procedures for cash collection for remote council sites (and the main council site), and that these policies and procedures were regularly reviewed and updated.
- 2.212 As expected, the ability to achieve adequate segregation of duties was an issue. Many remote sites have only one employee, or a small number of employees, and it is therefore not possible to have a number of employees involved in all the stages of the cash collection process.
- 2.213 Other issues identified by our auditors included:
- Daily bankings being prepared at the public counter – we recommend that the counting of cash is undertaken away from the view of the public.
  - Limited oversight of the cash collection process by the main council office – possible oversight controls that could be put in place include main council staff monitoring trends or consistent errors in cash (i.e. “overs and unders”), undertaking surprise cash counts of cash register floats, and undertaking regular reconciliations.
  - Variable implementation of the council’s procedures for cash collection at a remote site because the remote site did not have the systems, or the same number of staff, as the main council site.
  - Cash register tapes not being reviewed for voided or “no-sales” transactions.





## COLLECTION OF MONEY AT REMOTE SITES

2.214 The auditors used our best practice guidance to recommend improvements to councils' own written policies and procedures for cash collection at remote sites.

### TWO

2.215 Overall, we consider that the exercise was worthwhile for two reasons:

- to remind councils of the controls that are needed at remote sites; and
- to focus audit effort on an area where the potential for misappropriation can be high, even though the amounts involved are generally small.

