

Causeway Coast and Glens Borough Council

Internal Audit Report Cash Handling – Caravan Parks

June 2016
Final

MOORE STEPHENS

INTERNAL AUDIT REPORT

Cash Handling

Executive Summary

This internal audit was completed following a request by management and as part of audit work for 2016/17. This report summarises the findings arising from a review of cash handling at the six Council owned caravan parks and is part of a wider review of cash handling arrangements in selected outlying Council facilities which was allocated 12 days. We spent 8.5 days on this assignment covering the 6 caravan parks.¹

Through our audit we found the following examples of good practice:

- Floats and cash in hand were all correct during cash counts carried out as part of the audit.
- We confirmed via walkround at each of the caravan parks that caravans on site were recorded on the camp management software with no caravans/ tents unaccounted for.
- Adequate security locks are in place at the laundry and shower facilities visited to prevent unauthorised access to cash

Two Priority 1 areas and five priority 2 areas where controls could be enhanced were noted during our review:

Priority 1

- We noted 3 instances since April 2016 where a refund was made for a card payment (following the appropriate approval process), however the card's three digit card verification code had been recorded alongside the card details (on the request for refund forms). The three-digit code should never be stored and the card details were not filed in a secure location to prevent fraudulent use. The Council is not compliant with Payment Card Industry Data Security Standards if the card verification code is stored and if payment card data is held unnecessarily after authorisation. In addition, the information could be vulnerable to fraud.
- The collection of cash from laundry and showers was generally not backed up with supporting evidence of having been collected by 2 staff members (even during summer months when more than one staff member would have been on site). During our audit, a shortfall of £80 was identified in relation to cash from the laundry facilities at one of the sites and therefore there is an increased risk of lack of accountability of miscellaneous income from laundry machines and showers, and loss of income to the Council.

¹ Note: Separate reports on cash handling at Coleraine Leisure Centre and Ballyreagh Golf Club have been prepared.

Priority 2

- Cash reconciliations at Benone Tourist Complex were found to be completed however a change tin is used to hold variance amounts in excess of the till report. The change in the tin is then used to correct any shortfalls found at the end of the day and therefore there is an increased risk that these are not investigated fully and misappropriation due to errors or otherwise could remain undetected.
- No standard procedures have been developed to ensure a consistent approach to handling cash is in place across all caravan sites and, although wardens are experienced and are generally on site during summer months when the sites are busy, there may be occasions when only agency staff are on hand to deal with bookings and payments.
- Five of the six caravan parks have a float for the cash box/till however only one park has introduced a sign-off on floats to confirm that a float check has taken place. We also found that over the period of July and August 2015, over 50% of the daily check sheets were incomplete and therefore it is unclear whether the float checks took place.
- There is some variation across the 6 caravan parks in relation to how lodgements are recorded and back up documents maintained. Whilst no anomalies were found during the audit in relation to back up documentation for lodgements and bookings, there is currently no analysis carried out reconciling income from the touring caravans and tents per the Camp Manager system to cash received (and other payment methods). This would provide a more complete overview of expected income against what has been received.
- At 4 out of the 6 caravan parks, wardens were unaware of the insurance limits for cash held on site. At Benone Tourist Complex, each of the 24 lodgements from June – August was in excess of the insurance limits for the safe of £1,500 (average cash lodged £3,200). We also noted that lodgements are made by the Warden or Assistant Warden (with the exception of the summer months at Benone), presenting an increased risk to the safety of staff and the security of cash during the transit of lodgements.

The following table summarises the total number of recommendations from our audit (all recommendations being accepted by management):

Risk	Number of recommendations & Priority rating		
	1	2	3
There may be insufficient controls in place in relation to the receipt of income at point of sale leading to an increased risk of loss of income to the Council due to misappropriation or errors	1	2	1
There may be inadequate controls over the recording and reconciliation of cash leading to incorrect accounting treatments and loss of income to the Council	1	2	2
There may be inadequate controls over the security of cash leading to potential theft or misappropriation and loss of income to the Council	-	1	1
Total recommendations made	2	5	4

Based on our audit testing we are able to provide the following overall level of assurance:

Limited

The system of governance, risk management and control has failed or there is a real and substantial risk that the system will fail to meet its objectives. Urgent action is required to improve the adequacy and effectiveness of governance, risk management and control.

Points for the attention of Management

In addition to the recommendations noted above we have identified three system enhancements during the course of the audit which do not form part of our formal findings, but may help enhance the existing controls. These are detailed at Appendix 3.

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	June 2016

Audit progress	Date
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Draft Report issued to senior management for response	29 June 2016
Responses Received	22 August 2016
Responses Agreed	23 August 2016
Report Issued	30 August 2016

All matters contained in this report came to our attention while conducting normal internal audit work. Whilst we are able to provide an overall level of assurance based on our audit work, unlike a special investigation, this work will not necessarily reveal every issue that may exist in the Council’s internal control system.

1 Objective

The scope of the audit was agreed with the Head of Caravans. The agreed audit objectives were to ensure that:

- There are adequate controls over the receipt of cash income
- Adequate arrangements are in place in relation to the recording and reconciliation of cash
- Adequate arrangements are in place in relation to the security of cash

The scope of this audit was to consider the main risks facing the Council in relation to cash handling at selected leisure facilities and review the key systems and controls in place to address these. This audit focuses on specific areas across the six caravan sites including:

- Controls over the security of cash, cash registers and safes
- Reviewing procedures for end of shift/ daily cash reconciliations.
- Completeness of recording of cash received and lodgements made
- Management oversight including reconciliations and authorisation arrangements

As fees for static caravans are invoiced by the Council and are paid for by cheque or credit card at Council offices, this audit focused on cash income from touring caravans and tents (which are processed through the Camp Manager software system) and other cash received on site (such as laundry and shower facilities and other on-site activities).

2 Background

The management of cash is an important area for Causeway Coast and Glens Borough Council. Cash handling is inherently risky and requires robust controls in place to confirm all cash revenue is collected, recorded and lodged on a timely basis to reduce the opportunity for error, fraud or misappropriation. The Council has a number of revenue streams which accept payment in cash and therefore consistent policies and procedures should be followed when handling cash.

The Council operates six caravan parks at Benone, Carrick Dhu, Juniper Hill, Cushendall, Cushendun and Drumaheglis. The Council uses Camp Manager, an online camping software package, to process bookings and payments in relation to touring caravans and tent pitches at each caravan park. Customers are encouraged to book online which helps to reduce the amount of cash held on site.

3 Risks

The risks identified relating to information management and agreed with management are as follows:

1. There may be insufficient controls in place in relation to the receipt of income at point of sale leading to an increased risk of loss of income to the Council due to misappropriation or errors

2. There may be inadequate controls over the recording and reconciliation of cash leading to incorrect accounting treatments and loss of income to the Council
3. There may be inadequate controls over the security of cash leading to potential theft or misappropriation and loss of income to the Council.

4 Audit Approach

Our audit fieldwork comprised:

- Documenting the systems via discussions with key staff
- Consideration of the key risks within each audit area
- Examining relevant documentation
- Carrying out a preliminary evaluation of the arrangements and controls in operation generally within the Council
- Testing the key arrangements and controls
- Testing the completeness and accuracy of records.

The table below shows the staff consulted with and we would like to thank them for their assistance and co-operation.

Job title
Head of Caravans
Wardens at each of the 6 caravan sites
Business Support Officer, Coleraine Leisure Centre

5 Findings and Recommendations

This section of the report sets out our findings in relation to control issues identified and recommendations. A summary of all the key controls that we considered is included in Appendix II to this report.

5.1 Risk 1 – Receipt of Cash

Recommendation 1 - Cash Handling Policy and Procedures

a) Observation-

Tills are in operation at two caravan sites (Benone and Drumaheglis) for processing cash payments. Induction training is provided to seasonal staff by the warden at the Benone tourist complex and brief operating procedures have been documented for use of the till. The remaining sites have one or more cash boxes/ lockable drawers that are used to store cash prior to lodgement. No standard procedures have been developed to ensure a consistent approach to handling cash is in place across all sites and, although wardens are experienced and are generally on site during summer months when the sites are busy, there may be occasions when only agency staff are on hand to deal with bookings and payments.

b) Implication-

Without formal procedures and training in cash handling, staff may not be fully aware of their responsibilities and there is an increased risk of misappropriation due to errors or otherwise.

c) Priority Rating-

2

d) Recommendation-

The Council should develop procedures for cash handling at all caravan parks. Once formalised, these should be provided to all staff involved in handling cash and training rolled out.

e) Management Response- Council will review procedures already in place at similar businesses under its management (e.g. Leisure Centres), and will adapt these as appropriate. The procedures that have been applied in the legacy councils will be reviewed against best practice, and one single set of standard procedures will be introduced. All wardens will be trained in these procedures, and will in turn take responsibility for training any seasonal staff whose duties include cash handling.

f) Responsible Officer & Implementation Date- Steve McCartney: procedures to be in place by 31/1/17, and wardens trained by 1/3/17 in order for the procedures to be applied from the start of the 2017-18 season.

Recommendation 2 - Income from laundry machines and showers

a) Observation-

Five of the caravan sites have coin-operated shower and laundry facilities. Money from the machines is collected, counted and lodged by staff as and when required. We were advised that, where possible, two people are involved in the collection of

cash from laundry and shower facilities; however this is not always possible, for example when only one staff member may be on site off-season. We reviewed records maintained for laundry and shower income and the following was noted:

- The collection of cash from laundry and showers was generally not backed up with supporting evidence of having been collected by 2 staff members (during summer months when one than one staff member would have been on site)
- At one park, no cash was recorded as having been collected for laundry from August 2014 – May 2016. (Approximately £500 per annum was collected in the two previous years). For showers, no income was recorded from August 2014 – November 2015 (£330 and £100 in the two years prior). We were advised that only 1 tumble dryer was in operation during the period (previously 3) and 3 new clothes lines were purchased in year
- At another caravan park, cash which had been collected in relation to laundry machines in April and held in the safe pending lodgement was short by £80. The warden was unable to explain the shortfall at the time of our audit.
- Approximately £8,400 was lifted from laundry machines and showers during 2015/16 in Carrick Dhu and approximately £6,700 from Juniper Hill in the same period. The sites are located beside each other and have approximately the same number of static caravans. It is not clear why one site should have collected more than another over the same period
- At one site, money is collected from the showers to top up the float for the till when there is a shortage of change.

b) Implication-

Without sufficient oversight and documentation, there is an increased risk of misappropriation of cash collected from shower and laundry facilities.

c) Priority Rating-

1

d) Recommendation-

Wardens should ensure that laundry machines, showers and any other vending income are emptied by two staff members (where possible) on a regular basis and a receipt is signed by both staff members involved in the collection and attached to the warden's report/ lodgement records that are sent to Finance. Given the high amounts of cash involved, wardens should ensure that this cash is collected and counted on the same day as lodgement to reduce high amounts of cash being held on site.

The practice of using cash from showers to provide change to customers arriving 'on spec' should be eliminated where possible to further avoid the risk of only one person collecting. This could be overcome, for example by increasing the change float and ensuring sufficient coinage is held.

As an additional control, a trend analysis should be performed for cash collected each year to monitor income in relation to showers and laundry.

- e) Management Response-** Where the number of staff permit the practice, laundry machines, showers and any other vending income will be emptied by two staff members on a regular basis and the entry in the record book for such income will be signed by both staff members involved in the collection. This will be kept at the Park, and a copy of the page sent to Finance along with the warden's report/ lodgement records on a regular basis. Such income is restricted to times when a Park is open, which corresponds to when 2 staff members are employed. Should collection be

required when only 1 staff member is on duty, the warden will schedule a Council employee (usually the General Manager, Caravans) to be in attendance to fulfil this requirement. Cash will be collected, counted and lodged on the same day, or as soon thereafter as possible.

The anomalies noted in bullet points 2-4 in 2(a) above have been accounted for: the £80 has been explained, and the variance in shower income is due to one park charging 20p and the other charging 50p per shower period.

The practice of using cash from showers to provide change to customers arriving 'on spec' will stop where possible with change floats being increased as necessary and sufficient coinage being held. A trend analysis will be performed for cash collected each year to monitor income in relation to all such miscellaneous income.

- f) Responsible Officer & Implementation Date-** Steve McCartney: procedures to be in place and wardens trained by 30/9/16.

Recommendation 3 - Floats

a) Observation

Five of the six caravan parks have a float for the cash box (between £20-£50) and each float was verified as being correct during our audit testing. We were advised by the wardens that these are counted at the end of each day, however only one caravan park has introduced a formal sign-off procedure on floats to confirm that this check has taken place.

Benone Tourist Complex (with multiple income streams) has three floats of £50 each to service the three tills, two of which are used during busy periods. There is also an additional £250 change float (which was also verified during the audit). The floats are kept in separate cash boxes when not in use and we were advised that the supervisor/ shift leader checks the floats and should sign the daily check as evidence of this. We found that over the period of July and August 2015, over 50% of the daily check sheets were incomplete and therefore it is unclear whether these checks took place.

b) Implication-

If floats are not regularly counted and the count documented, there is a risk that any discrepancies in the floats will not be identified and there will be greater risk of opportunity for misappropriation of cash.

c) Priority Rating-

2

d) Recommendation-

Consideration should be given to ensuring that all floats are reconciled on a daily basis and signed off by the warden / duty supervisor as evidence that they have counted the float (as well as reconciling the daily takings to camp manager). This would provide additional assurance should a discrepancy occur where different shifts are operated.

- e) Management Response-** All floats will be reconciled on a daily basis and signed off by the warden / duty supervisor as evidence that they have counted the float. The daily takings will be reconciled against Camp Manager for all caravan income (but not for miscellaneous income).

- f) Responsible Officer & Implementation Date-** Steve McCartney: procedures to be in place and wardens trained by 30/9/16.

Recommendation 4 - Pool tables

a) Observation

Benone Tourist Complex has a games room which contains two pool tables. These are owned and managed by a gaming operator. The tables operate with a coin mechanism and deposits for cues and balls are processed through the till and refunded on presentation of receipt. The operator empties the pool table coin box and 50% of the takings are allocated to the Council and are processed through the till. We were advised that staff are not present during the counting process (7 collections in 2015/16 of approximately £270 in total to the Council) and there is no formal agreement in place with the operator

b) Implication-

Without the coin box being counted in the presence of the staff member and lack formal agreement in place, there is an increased risk of misappropriation and there may be a lack of understanding in relation to income split.

c) Priority Rating-

3

d) Recommendation-

Consideration should be given to formalising the arrangements in place with the gaming operator and the contents of the coin box should be counted in the presence of a staff member, processed through the till and the receipt signed by both as evidence of this

- e) Management Response-** The gaming operator will not be given access to any machine unless a member of staff is present. The contents of the coin box will be counted in the presence of this staff member, processed through the till, and the receipt signed by both as evidence of this.

- f) Responsible Officer & Implementation Date-** Steve McCartney: procedures to be in place and wardens trained by 30/09/16.

5.2 Risk 2 – Recording and Reconciliation of Cash

Recommendation 5– Refunds and credit card transactions

a) Observation

Where a booking has been placed online and is no longer required, refunds are not generally available, however there may be some flexibility which lies with individual wardens as there is currently no formal Council policy covering booking refunds; if short notice has been provided by the customer, booking fees may be lost, however a change in dates may be offered. At Benone, a refund may be approved if a valid reason is put in writing. In these instances, if the customer has paid online or by phone, the refund is credited back to the card used to make the booking. At the other sites, refunds can only be processed by Finance.

<p>We noted 3 instances since April 2016 where a refund back to the credit card had been approved, however the three digit security code had been recorded alongside the card details (on request for refund forms) site and these were not filed in a secure location.</p>
<p>b) Implication- The Council is not compliant with Payment Card Industry Data Security Standards if the card verification code is stored and if payment card data is held unnecessarily after authorisation. In addition, the information could be vulnerable to fraud if held inappropriately. In the event of a data breach, the Council could incur significant Card Scheme fines and may be liable for fraud losses against the cards involved.</p>
<p>c) Priority Rating- 1</p>
<p>d) Recommendation- Caravan park staff should be made aware of the importance of credit/debit card security procedures and should ensure that credit card information is not documented. Card verification codes should never be documented or stored. Any card information which is held, should be maintained in a secure location.</p> <p>Consideration should also be given to developing a Council booking refund policy to provide guidance to wardens and ensure consistency across the caravan parks.</p>
<p>e) Management Response- the Council will comply fully with Payment Card Industry Data Security Standards. The various procedures concerning refunds, carried over from the 4 legacy councils, will be reviewed in order to produce a single Council booking refund policy to provide guidance to wardens and ensure consistency across the caravan parks.</p>
<p>f) Responsible Officer & Implementation Date- Steve McCartney: procedures to ensure compliance with Payment Card Industry Data Security Standards to be in place and wardens trained by 30/9/16. A Booking Refund Policy will be operational by 1/3/17.</p>

Recommendation 6 – Cash received at Benone

a) Observation-

Benone Tourist Complex receives income from a range of sources including caravan and camp site fees, golf activities, tennis courts, splash pool, and sales of confectionary and other sundry items from the shop. All cash is processed through the tills located in the main reception area, which during July and August 2015 amounted to over £66,000. At the end of each shift, the supervisor on duty cashes up by removing the cash drawer, removing the £50 float and counting and recording the remaining contents of the drawer. Details of the denomination of cash are recorded on the cash up sheet. From a review of cash sheets over 2015/16 and discussion with the Warden the following issues were noted:

- Any small unders/overs are not recorded on the cash up sheet; instead the supervisor amends the balance by adding to or taking from a change tin (which is kept in the storeroom) so that the lodgement agrees to the till report.
- Supervisors are responsible for cashing up at the end of the shift and placing the takings into the cashbox which is held overnight in the safe. The

<p>cashboxes are re-counted the following morning by the warden and recorded in the daily totals book and placed in a lodgement box for subsequent lodging. No re-counting is performed at the time of reconciliation of takings to the cash drawer at the close of shift</p> <ul style="list-style-type: none"> • We were advised that on occasion there is no cash up between shift changeovers and separate user logins are not always used for different till users. • We were advised that, occasionally, cash lifts are performed if there is an excessive build-up of cash in the cash drawer. Occasional spot checks may also be carried out however no evidence is maintained of either of these.
<p>b) Implication- If discrepancies are not identified and recorded, there is an increased risk that these are not investigated fully and misappropriation due to errors or otherwise remain undetected. A lack of oversight of reconciliations and lodgements means that there is an increased risk of errors or irregularities going unnoticed.</p>
<p>c) Priority Rating- 2</p>
<p>d) Recommendation- Supervisors and the Warden who are responsible for cashing up at the end of shift and reconciling till reports to the takings should ensure that any under/overs are recorded and lodgements should reflect actual takings. Any discrepancies above a certain limit should be investigated further.</p> <p>Where cash counts are being performed, these should be conducted by two people if available. One member of staff should be responsible for counting cash and the other for checking this is accurate and the cash up sheet should be signed to document evidence of this. In addition, consideration should be given to setting a limit at which a cash lift is performed to minimise large build-ups of cash in the till and reduce risk of misappropriation. Appropriate documentation should be maintained to complete the audit trail. The warden should continue with periodic spot checks on cash within the till drawers and document evidence of this check.</p>
<p>Management Response- All staff responsible for cashing up at the end of shift and reconciling till reports to the takings will ensure that any discrepancies are recorded so that lodgements reflect actual takings. Any such amount above £5 will be brought to the attention of the General Manger for Caravan Parks and investigated further. Separate user logins will be used for different till users.</p> <p>All cash counts will be conducted by two people if available: one to count the cash and the other to check for accuracy, with the cash up sheet signed as evidence of this. A cash lift will be performed when the amount exceeds £3,000 and this will be recorded and signed off in the day diary, as will random periodic spot checks performed on cash within the till drawers by wardens.</p>
<p>e) Responsible Officer & Implementation Date- Steve McCartney: procedures to be in place and wardens trained by 30/9/16.</p>

Recommendation 7 – Reconciliation of Cash to Camp Manager**a) Observation-**

There is some variation across the 6 caravan parks in relation to how lodgements are recorded and back up documents maintained; at Cushendun, Cushendall and Drumaheglis caravan parks (where total cash takings from June – August were approximately £3,600, £4,000 and £6,300 respectively) a lodgement sheet is completed which shows a breakdown of payments taken by cash, card or occasionally cheque along with the date of payment, name and receipt number from camp manager. A daily credit/debit card report from the card machine is also attached and sent to Council offices where it is rechecked and allocated to the appropriate income code. The Wardens in Carrick Dhu and Juniper Hill complete a warden's report showing the total income received broken down by cash, cheques and card under each category of income. This is signed by the Warden and sent, along with the lodgement receipt from the post office, to the Finance department to post to the correct income codes. Copies of each individual booking form from camp manager are also attached and sent to Finance. At Benone, a lodgement spreadsheet showing a daily breakdown of income received under each category is signed by the warden and sent to Finance.

Whilst no anomalies were found during the audit in relation to back up documentation for lodgements and bookings, we noted that the camp manager software can generate reports providing a breakdown of income for each payment method in any given period. There is currently no analysis carried out reconciling income from the touring caravans and tents per camp manager to cash received (and other payment methods). This would provide a more complete overview of expected income against what has been received.

b) Implication-

There is an increased risk of income being misappropriated and loss of income to the Council without a full reconciliation.

c) Priority Rating-

2

d) Recommendation-

In addition to developing common cash handling procedures, consideration should be given to reconciling income from touring caravans and tents as recorded on camp manager to cash received and lodged from each site to provide a complete analysis of expected income against that received.

Management Response- Common cash handling procedures will be initiated following consultation with Council staff in other work streams. This will include reconciling income from touring caravans and tents as recorded on Camp Manager to cash received and lodged from each park.

e) Responsible Officer & Implementation Date- Steve McCartney: consultations designed to produce agreed procedures to ensure commonality will be completed by 31/12/16. An agreed Cash Handling Policy will be in place and wardens trained by 1/3/17.

Recommendation 8 –Camp Manager Log in**a) Observation-**

Touring caravans and campers frequently arrive 'on spec' and sometimes customers who have paid online may request an additional night once on site. On these occasions, payment is taken by the wardens either by card or cash. Any on spec/ additional nights are entered on to Camp Manager by the Warden/ Assistant Warden to avoid any last minute online double bookings on the same site/ pitch. Wardens also receive telephone bookings and these are processed through the credit/debit card machine at the time of the booking. We noted that in 3 out of 6 caravan parks, Wardens and Assistant Wardens share the same username and password on Camp Manager.

b) Implication-

If staff do not log in with individual usernames and passwords it may be difficult to identify who has taken the booking and processed the payment should a discrepancy occur.

c) Priority Rating-

3

d) Recommendation-

Staff should ensure that they use individual usernames and passwords when processing bookings.

e) Management Response- All Staff will use individual usernames and passwords when processing bookings.**f) Responsible Officer & Implementation Date-** Steve McCartney: procedures to be in place by 30/9/16.**Recommendation 9 –Voids and Refunds****a) Observation-**

Deposits are taken at Benone Tourist Complex for the use of cues, racquets and putters and these are processed through the till and a receipt is issued. Refunds are then issued by reception staff on return of the equipment with a valid receipt, however this is then discarded. Other refunds/ voids may occur as part of the day-to-day operation of processing a large number of small value transactions through the till and receipts for these are generally not printed or signed by the Supervisor.

b) Implication-

If receipts are not in place for all refunds made there is an increased risk of misappropriation of income via the fraudulent processing of refunds.

c) Priority Rating-

3

d) Recommendation-

Staff should be reminded to ensure that receipts for refunds are printed with an explanation of the reason for the refund and signed by the supervisor as authorisation of the refund.

e) Management Response- Staff will ensure that receipts for refunds are printed with an explanation of the reason for the refund and signed as authorisation of the refund.

A summary sheet will be developed to daily record all ins/outs of such deposits, and will be signed off by the supervisor.

- f) Responsible Officer & Implementation Date-** Steve McCartney: procedures to be in place and appropriate staff trained by 30/9/16.

5.3 Risk 3 – Security of Cash

Recommendation 10 - Insurance Limits and Cash in Transit

a) Observation

At 4 out of the 6 caravan parks, wardens were unaware of the insurance limits for cash held on site and therefore we were unable to confirm whether sufficient insurance was in place. From a review of lodgements made relating to the 4 parks during 2015/16, there was no significant build-up of cash and lodgements did not exceed £1,500.

At Benone Tourist Complex, although lodgements were made frequently during the summer (by an external security provider) each of the 24 lodgements from June – August was in excess of the insurance limits for the safe of £1,500 (average cash lodged £3,200).

We further noted that there is no cash box or safe at one of the sites; cash is put into envelopes at the end of the shift and kept in a locked drawer until the lodgement is made.

We also noted that lodgements are made by the Warden/ Assistant Warden (with the exception of summer months at Benone and at Drumaheglis), presenting an increased risk to the safety of staff and the security of cash during the transit of lodgements. Carrick Dhu and Juniper Hill for example had average lodgements during July and August of £1,100 and £1,700 respectively.

b) Implication-

If wardens are not aware of insurance limits and the caravan sites exceed these, there is an increased risk that cash is not adequately covered in the event of theft.

There is also an increased risk to the safety of staff and the security of cash during the transit of lodgements for banking and they may not have adequate insurance cover for cash in transit.

c) Priority Rating-

2

d) Recommendation-

Wardens should be made aware of the insurance limits on site and lodgements should be made frequently to ensure that the limits are not exceeded.

Consideration should be given to increasing the insurance limits for the safe at the Benone tourist complex, at least on temporary basis, to cover the busy summer period.

<p>Where no safe or cash box is in place, consideration should be given to storing cash taking in a more secure cash box prior to lodgement.</p> <p>As part of the overall review of cash handling, a review of cash being transported should be undertaken with a view to minimising the risk involved with staff handling cash in transit. For example two caravan sites and the council owned golf course are in close proximity and arrangements could be made for the collection of cash at these sites by an external provider. This would also reduce the time spent by staff in the possession of large sums of cash.</p>
<p>Management Response- Appropriate insurance limits, and the secure storage of cash takings, will be reviewed on a Park by Park basis in consultation with Finance branch. Wardens will make themselves familiar with these insurance limits, performing lodgements as required so as to ensure that such limits are not exceeded.</p> <p>A review of cash being transported (including the option of using an external provider) will be undertaken to reduce the risk to staff who handle cash in transit.</p>
<p>e) Responsible Officer & Implementation Date- Steve McCartney: insurance limits and secure cash storage will be reviewed at each park by 30/9/16. A review of cash transportation, and any new procedures being adopted, will be completed by 1/3/17.</p>

Recommendation 11 - Deposits and Reception Area

<p>a) Observation</p> <p>We observed that the reception area at Benone was busy with only the warden on-site until additional staff arrived for the afternoon shift. During this time the warden had to show visitors to the lodge a short distance away, leaving the reception area unattended and unlocked with other customers waiting.</p>
<p>b) Implication-</p> <p>If the reception area is left unattended and not locked there is an increased risk of unauthorised access to deposits held in the filing box and potential access to the safe key.</p>
<p>c) Priority Rating-</p> <p>3</p>
<p>d) Recommendation-</p> <p>As a matter of good practice and given that deposits for washrooms and barrier cards are held at the counter in the reception area in an unsecured filing box, the Warden should ensure that the reception is locked when unattended. In addition, during peak season, cash deposits in excess of £500 could be held in the filing box and it is therefore important that this is kept out of sight of public view.</p>
<p>e) Management Response- No cash, deposits, or activated barrier cards will be visible at any Park counter, and wardens will ensure that their reception or office is locked when unattended</p>
<p>f) Responsible Officer & Implementation Date- Steve McCartney: procedures to be in place and appropriate staff trained by 30/9/16.</p>

Appendix I: Definition of Assurance Ratings and Hierarchy of Findings

Substantial Assurance

Evaluation Opinion: There is a robust system of governance, risk management and control which should ensure that objectives are fully achieved.

Testing opinion: There is evidence that the controls are being consistently applied.

Satisfactory Assurance

Evaluation opinion: Overall there is an adequate and effective system of governance, risk management and control. While there is some residual risk identified this should not significantly impact on the achievement of objectives. Some improvements are required to enhance the adequacy and / or effectiveness of governance, risk management and control.

Testing opinion: There is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.

Limited Assurance

Evaluation opinion: There is an inadequate and/or ineffective system of governance, risk management and control in place. Therefore there is significant risk that the system will fail to meet its objectives. Prompt action is required to improve the adequacy and/or effectiveness of governance, risk management and control.

Testing opinion: The level of non-compliance puts the system objectives at risk.

Unacceptable Assurance

Evaluation opinion: The system of governance, risk management and control has failed or there is a real and substantial risk that the system will fail to meet its objectives. Urgent action is required to improve the adequacy and effectiveness of governance, risk management and control.

Testing opinion: Significant non-compliance with the basic controls leaves the system open to error or abuse.

Hierarchy of Findings

This audit report records only the main findings. As a guide to management and to reflect current thinking on risk management we have categorised our recommendations according to the perceived level of risk. The categories are as follows:

Priority 1: Major issues which require urgent attention and the implementation of agreed audit recommendations in the short term.

Priority 2: Important issues which require immediate attention and the implementation of agreed audit recommendations in the short to medium term.

Priority 3: Detailed issues of a less important nature which require attention and the implementation of agreed audit recommendations in the medium to long term.

Appendix II: Summary of Key Controls Reviewed

CASH HANDLING

Risk	Key Controls
<p>There may be insufficient controls in place in relation to the receipt of income at point of sale leading to an increased risk of loss of income to the Council due to misappropriation or errors</p>	<ul style="list-style-type: none"> • Cash handling procedures are in place to provide guidance to staff collecting payments – Subject to recommendation • Adequate training is provided to staff who handle cash – subject to recommendations • A separate float is held for each till which is counted and verified before each shift – subject to recommendation • Till reconciliation is performed at the end of each shift • Receipts are produced and issued for every transaction • All till discrepancies are fully investigated and records maintained – subject to recommendation • Where possible more than one employee collects cash from vending/ hairdryer/ shower/laundry and adequate records are maintained – subject to recommendation • Tills are restricted to one cashier/user or have individual user logins where operated by more than one staff member – subject to recommendations
<p>There may be inadequate controls over the recording and reconciliation of cash leading to incorrect accounting treatments and loss of income to the Council</p>	<ul style="list-style-type: none"> • End of day till reports are generated and reconciled to cash in till - Z readings agreed to takings • All voids/ cancelled till transactions are supported by appropriate documentation – subject to recommendation • Separation of duties exists between staff responsible for income collection and staff with responsibility for reconciling income received to the bank – subject to recommendation • There is adequate completion of daily/ weekly cash sales sheets • There is adequate Manager/ Supervisor oversight over the reconciliation process and evidence of this – subject to recommendation • Surprise cash counts are performed periodically – subject to recommendation
<p>There may be inadequate controls over the security of cash leading to potential theft or misappropriation and loss of income to the Council</p>	<ul style="list-style-type: none"> • Monies are held securely in a safe which is in an appropriate location – Subject to recommendation • There are adequate access control arrangements to the safe • Where a large build-up of cash occurs, takings are removed from the till and held securely in the safe • There is adequate security over cash deposits held before being returned to customers (caravans) • Lodgements are prepared by two staff members – subject to recommendation • Lodgements are made regularly and promptly • Adequate insurance is in place to cover cash held on the premises until lodged and cash held does not exceed the amount insured – subject to recommendation

Appendix III: Points for the Attention of Management

Preparation of lodgements

Frequently the warden is the only staff member on site and therefore he/she is responsible for handling all transactions including the receipt, recording, reconciling and lodging of cash. In line with good practice, lodgements should be prepared and checked by two staff members if available. We recognise however that given the staff arrangements at the caravan parks, this is not always possible and it less likely to have large cash build up on site at these times.

Management Response-

The restrictions correctly identified in the last sentence above determine the degree to which this proposal can be implemented. Where the number of staff permit the practice, laundry machines, showers and any other vending income will be emptied by two staff members on a regular basis and the entry (in the record book for such income) will be signed by both staff members involved in the collection. This will be kept at the Park, and a copy of the page sent to Finance along with the warden's report/ lodgement records on a regular basis. Such income is restricted to times when a Park is open, which corresponds to when 2 staff members are employed. Similarly, the second member of staff of appropriate grade will check and reconcile cash amounts received. Should collection be required when only 1 staff member is on duty, the warden will schedule a Council employee (usually the General Manager, Caravans) to be in attendance to fulfil this requirement. Cash will be collected, counted and lodges on the same day, or as soon thereafter as possible.

Cash deposit

Drumaheglis is both a caravan site and marina and all cash is processed through one till located in the office based there. Deposits of £20 are taken for keys that enable access to the marina by customers who have an annual berthing there. These are kept in a float bag in the main office and are returned to the customer when the mooring is no longer required. A receipt is issued by the warden for every deposit taken, however these may date back several years and there is no other record of who the deposit belongs to. At the time of our audit approximately £500 cash was held in the float bag relating to marina access deposits and we were advised that this has not changed significantly in recent years. Given the value of cash involved and the fact that there is no safe on site at Drumaheglis, consideration should be given to installing a safe at the main office premises or alternatively keeping this money off-site (for example at Council offices in Ballymoney which is a short drive away).

Management Response-

This is a sensible suggestion, and the float bag will be transferred off-site to Cloonavin to be retained in the safe. Any return of deposit required can then be actioned by L&D staff in Cloonavin.

Sites not available for booking online and surprise cash counts

Up to 40 sites at one caravan park are not available to book online, however these can be booked directly via the warden and are subsequently entered on to the camp manager software. The sites are used on occasions where other sites become waterlogged or unsuitable for pitching and are also used as overspill to allow more customers on to the site. Consideration should be given by the Head of Caravans to carrying out spot checks on sites that cannot be booked online as an additional control to reduce the potential opportunity of accepting payment for such pitches without recording them completely and to ensure they are accurately accounted for. This could be carried out with surprise cash counts at the caravan parks to ensure the completeness of income.

Management Response-

Consideration will be given to making the majority of these overflow pitches available to be booked online. The purpose of these pitches, which do not meet the requirements of a normal pitch (with full electricity/water/waste facilities), is to cover for pitches that become unusable (a common complaint during wet weather or heavy use), and as such they are on areas that would not normally be considered suitable for advertising for general and sustained use due to small size, degree of slope, or proximity to road or rail noise. When the park is nearing capacity, surprise cash counts will be carried out by staff not associated with the park in question in order to ensure that they are accurately accounted for.