

AUDIT TERMS OF REFERENCE

Topic:	Cash Collection
T o R Version:	1.0
Audit Manager:	Mick Ahern
Auditor:	
Date:	13.08.2007
Background:	Audit included in Audit Plan, for completion in 2007/08
Objective:	To provide assurance to the Head of Finance and Audit Committee of NCH that the system for cash collection is operating effectively.
Main Risks:	<p>Work will be undertaken to establish that adequate controls are in place to mitigate the following risks:</p> <ul style="list-style-type: none">• Cash is not accounted for as follows:<ul style="list-style-type: none">• Income is misappropriated;• Relevant cash handling procedures are not adhered to;• Cash collected is not correctly input and receipted;• Unauthorised reversal transactions are processed;• Inadequate security puts the cash at risk;• Income banked is not properly reconciled to the System;• A lack of audit trail reduces the control within the system which could lead to loss;• A lack of supervision exists throughout the system.• There is a lack of an adequate monitoring policy;• Appropriate action is not taken to investigate problems• There is a lack of an appropriate training policy
Scope:	The scope of this review will be to concentrate on the processes and controls in the cash collection system operated by NCH. In particular this review will look at the procedures and controls in place to ensure that:

	<ul style="list-style-type: none"> • There is adequate monitoring of the cash collection system. To cover: <ul style="list-style-type: none"> • Identifying and assessing the effectiveness of the monitoring system • Review of cashier and supervisor activity <ul style="list-style-type: none"> ▪ Banking unders and overs ▪ Reversals ▪ Bulk cash removal ▪ Cashing up procedures ▪ History of cashiers • There is adequate training and support • The security of data is maintained • There is adequate reporting to senior management/committee <p>Work will also be undertaken to follow up recommendations made in the previous audit report to ensure that appropriate action has been undertaken.</p>
Approach:	<p>A standard audit approach will be followed for this review which will include:-</p> <ul style="list-style-type: none"> • Discussions with appropriate employees at both NCH and NCC to determine the actual systems and controls in place and any areas of particular concern; • Documenting the systems in place; • Undertaking testing on a sample basis, in order that conclusions can be made as to the effectiveness of the controls in operation. <p>Note that following the initial meetings with staff the scope may be changed to reflect any issues arising from these meetings. The revised scope will be agreed with the Head of Finance at NCH.</p> <p>Following completion of the audit work a discussion draft report will be produced and will be discussed and agreed with the Head of Finance at NCH. A Final Audit Report will then be produced.</p>
Principal Auditee:	Susan Taylor
Final Report to:	Head of Finance / Head of Operations / Audit Committee
Timescale:	Report by early September 2007

