

**Imperial College Union**

**Finance and Risk Committee**

19 June 2019

|  |  |
| --- | --- |
| **AGENDA ITEM NO.** | Item 13 (b) |
| **TITLE** | Petty Cash and Float Balance Reconciliation and Process/Limit Review |
| **AUTHOR** | Neha Gandhi |
| **EXECUTIVE SUMMARY** | KPMG, our internal auditors, have strongly recommended reviewing and implementing stronger financial controls in regards to cash handling from their findings in April 2019 to reduce risk. Therefore, a thorough exercise has been carried out by the Finance Manager in conjunction with the Operational Manager and the Bar Managers. The exercise involved reconciliation of the petty cash/float balances, review of controls and reassessing the existing limits. |
| **PURPOSE** | This paper is to illustrate how effectively the control of petty cash and till floats are being managed in our commercial outlets and whether the remaining cash balances are in line with expectations. |
| **DECISION/ACTION REQUIRED** | This report is for information. |

**Background**

Our internal auditors, KPMG, carried out their testing in April 2019 and their investigation concluded that the Union required to increase checking and tightening-up of controls in regards to cash handling.

Since July of last year there has been a high turnover of staff in the 568/Union Bar. This high attrition rate has led to inconsistencies in following procedures and processes and thus controls around cash handling have somewhat fallen by the wayside. As new staff have been recruited the passing on of knowledge has been variable and incomplete due to lack of effective leadership as managers have left the Union. The following narrative summaries the outcome from reconciliations and the subsequent revision of the Union’s petty cash and floats balances.

**Reconciliation of the petty cash on premises to balance recorded in the accounting system (SAP)**

Petty cash kept at all the commercial locations were physically counted by two or more persons and noted down. Petty cash held in the Finance safe had a deficit of £3.70 compared to SAP balance, a difference that has been present the last year or so. The 568/Union petty cash count came up with a surplus of £380.76, Reynolds had a shortfall of £66.17, Bar H seemed to have a surplus of £325.56, however, this was offset by a shortfall in the float count of £325.77 and finally Retail agreed to the penny. Please see Appendix 1 for the detailed findings.

The excess of £380.76 in the 568/Union will be returned to Finance and deposited into the Union’s main bank account in June 2019.

**Review of current petty cash and float balances**

After the reconciliation exercise the current balances held have been scrutinised for practicality and relevance in light of the control issues brought up by internal audit (KPMG). The balances held presently were thought to be too high and thus most of the amounts have been revised down. Please see the New Limits column in Appendix 1.

The excess funds due to the revisions will be returned to Finance and deposited into the Union’s main bank account in June 2019.

**Implementation of stronger financial controls**

The first step towards stronger, tighter and robust controls to safeguard the Union’s assets, is to lower the petty cash and float amounts as mentioned above so that there is less cash on the premises and the practicality of counting the cash becomes easier.

Further controls that will be enforced are:

1. The Interim Venues Manager will check the amounts on a daily basis. He will date and record the entry on a spreadsheet for record keeping and audit purposes
2. The Operational Manager will check the amounts on a weekly basis and he too will document the checking details
3. Finance will independently and randomly audit the amounts (on a quarterly basis), registering the relevant details of the check

