Report No. 2013-41

TO: Robert Powell, Division Director
DEI, Water and Sewer Monitoring

FROM: Hector Collazo, Jr., Director/Inspector General
Division of Inspector General

DIST: Michelle Milford, Section Manager, DEI
Diane Bown, Administrative Secretary, DEI
Veronica Norfleet, Administrative Support Specialist, DEI
Ken Burke, CPA, Clerk of the Circuit Court and Comptroller
Claretha Harris, Chief Deputy Director, Finance Division

SUBJECT: Unannounced Audit of Department of Environment and Infrastructure Water and Sewer Monitoring Department Petty Cash Funds

DATE: November 25, 2013

This letter serves to inform you that the Division of Inspector General has completed an unannounced audit of the Department of Environment and Infrastructure (DEI) Water and Sewer Department’s petty cash funds located at 1620 Ridge Road, Largo. We audited these funds on November 8, 2013.

The primary purpose of unannounced audits is to reconcile the funds to ensure that the appropriate internal controls, safeguards, and policies and procedures are being followed, safeguarding the county funds under your departmental control.

The department's internal controls and safeguarding of petty cash funds are adequate. However, this unannounced audit did not reconcile to the authorized amount, and a non-compliance issue in regards to existing documented policies and procedures was noted. The issues related to this unannounced audit are stated below.
1. The Petty Cash Fund Did Not Reconcile To The Amount Authorized.

The petty cash fund did not reconcile to the amount authorized ($400) by the Board of County Commissioners (BCC). During our unannounced cash audit conducted on November 8, 2013, we counted and reconciled the petty cash at the Department of Environment and Infrastructure (DEI) Water and Sewer Monitoring Department. There was $320.28 in cash and coin and $86.39 in receipts on hand, which totaled $406.67. This amount was $6.67 higher than the authorized petty cash fund of $400. There were no replenishments in transit.

The petty fund cash for the DEI Water and Sewer Monitoring Department is authorized at an amount of $400. The total of the cash, receipts on hand, and replenishments in transit should equal the total petty cash fund. The Petty Cash Custodians stated they were not aware that the petty cash fund did not reconcile to $400.

The department maintains a written log for all cash paid out to employees and a note taped inside the petty cash box, which states what the current balance of funds on hand should be held by the department, and the current disbursements from the fund. These two figures should total the authorized petty cash amount. However, the amount of cash available documented on the note by the cash custodian did not include the overage of $6.67, and therefore, had not been accounted for.

During our cash count, we noted that there appeared to be an excessive amount of coins in the petty cash box, most of which were loose and not rolled. This may have contributed to the overage. Below is a table which represents the total amount of coin that was in the petty cash box during our unannounced audit:

<table>
<thead>
<tr>
<th>TYPE</th>
<th>NUMBER</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quarters</td>
<td>178</td>
<td>44.50</td>
</tr>
<tr>
<td>Dimes</td>
<td>241</td>
<td>24.10</td>
</tr>
<tr>
<td>Nickels</td>
<td>189</td>
<td>9.45</td>
</tr>
<tr>
<td>Pennies</td>
<td>323</td>
<td>3.23</td>
</tr>
<tr>
<td>Total</td>
<td>931</td>
<td>81.28</td>
</tr>
</tbody>
</table>

Unauthorized amounts in cash funds are a control weakness. It can potentially create an environment for fraud and misuse of funds.
We recommend management:

1. Notify the Finance Department of the overage on the next replenishment of funds. The overage can be included on the standardized "Petty Cash Reimbursement Request form," which is submitted to the Finance Department.

2. Roll up coins to appropriate levels and/or trade coins for cash bills. This will expedite the petty cash counts that are required during both the reimbursement and monthly count processes.


The petty cash funds at the DEI Water and Sewer Monitoring Department are not counted and balanced on a monthly basis by the supervisor of the custodian or appointed designee, as required by the Finance Department's policy and procedures.

As part of our unannounced cash audit, we observed the count and reconciliation of the petty cash fund. The petty cash fund had an overage of $6.67 (see issue No. 1). To determine the time frame of the overage, we asked the Petty Cash Custodian whether these funds are counted and balanced monthly by someone other than the cash custodian. The Petty Cash Custodian stated that the cash is only counted during the replenishment of the funds.

Cash policies and procedures are controls used to safeguard cash. Non-compliance with procedures can lead to potential risk of misuse of funds. The Finance Department's policy and procedures for petty cash and change funds state the following regarding petty cash funds:

"VIII. REIMBURSEMENT OF PETTY CASH FUND

A. The fund should be reimbursed when approximately 50% of the base fund has been expended. At a minimum, each fund should be counted and balanced monthly by the supervisor of the custodian or other designee."

We recommend the supervisor of the custodian, or appointed designee, count and balance the petty cash fund on a monthly basis to comply with the Finance Department Policy and Procedures.