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Report No. 2018-14

TO: Daisy Rodriguez, Health Care Administrator
Human Services

FROM: Hector Collazo Jr., Inspector General/Chief Audit Executive
Division of Inspector General 

DIST: Ken Burke, CPA, Clerk of the Circuit Court and Comptroller
Claretha Harris, Chief Deputy Director, Finance Division
Clark Scott, Division Director 2, Business Services Division, Human Services
Renea Vincent, Director, Planning and Community Development

SUBJECT: Unannounced Audit of the Community Development and Planning Petty Cash Fund

DATE: July 17, 2018

This letter serves to inform you that the Division of Inspector General has completed an unannounced audit of the Community Development and Planning Petty Cash Fund on June 18, 2018.

The objective of our audit was to reconcile the Petty Cash Fund and to ascertain that the appropriate internal controls, safeguards, and policies and procedures are being followed, safeguarding the county funds under your departmental control.

Our audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and the *Principles and Standards for Offices of Inspector General*, and accordingly, included such tests of records and other auditing procedures as we considered necessary in the circumstances.

The Petty Cash Fund did reconcile to the authorized amount. The department's internal controls and safeguarding of this fund are adequate, and the majority of the policies and



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procedures are being followed. We did note some deviation from the Finance Division's Petty Cash and Change Fund Policy and Procedures. These issues are noted below.

1. The Petty Cash Fund Is Not Counted And Balanced Every Month.

The supervisor of the custodian or another designee does not count and balance the Community Development and Planning Petty Cash Fund monthly. Per the Alternate Custodian, the Petty Cash Fund is verified and balanced by the Alternate Custodian when reconciliations are completed; however, they are not verified monthly.

The Finance Division's Petty Cash and Change Fund Policy and Procedures states that, "At a minimum each fund should be counted and balanced monthly by the supervisor of the custodian or other designee." Cash fund policies and procedures are controls that are designed to safeguard cash.

The Alternate Custodian stated they were not aware of the requirement to count and balance the Petty Cash Fund at least every month. Non-compliance with policies and procedures can increase the risk of potential misuse of these funds.

We recommend Management require the supervisor of the custodian, or appointed designee, count and balance the Petty Cash Fund on a monthly basis to comply with the Finance Division's Petty Cash and Change Fund Policy and Procedures.

Management Response:

Management concurs. Effective immediately, the Accounting Manager (supervisor of the custodian) will, at a minimum, count and balance the fund monthly.

2. Petty Cash Was Not Reimbursed In Accordance With Policy And Procedures.

The Custodian did not request reimbursement for the Community Development and Planning Petty Cash Fund when the base fund was depleted by 50%. At our unannounced cash audit, we reviewed the outstanding reimbursement request to replenish the Petty Cash Fund, which amounted to \$343.97. The Community Development and Planning Division's authorized Petty Cash Fund is \$500. The amount outstanding, \$343.97, indicated 69% depletion of the fund.

Timely submissions for fund reimbursements are necessary to ensure compliance with the Finance Division's Petty Cash and Change Fund Policies and Procedures, which state, "The fund should be reimbursed when approximately 50% of the base fund has been expended." Frequent monitoring of the fund's depletion is necessary to ensure availability for allowable disbursements.

We recommend Management request petty cash reimbursement when the fund is 50% depleted. Monitoring of the fund's depletion and timely submissions for

reimbursement will ensure compliance with the Finance Division's Petty Cash and Change Fund Policy and Procedures.

Management Response:

Management concurs. The Petty Cash Fund was not replenished when the fund was 50% depleted. Effective immediately, the Petty Cash Custodian will timely submit for reimbursement of the fund when the balance of the fund is approximately 50% expended.

We appreciate your staff's cooperation during this audit.