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Report No. 2018-28

TO: James Fogarty, Bureau Director
Department of Safety and Emergency 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
Clairetha Harris, Chief Deputy Director, Finance Division
Charles Freeman, Division Director, Regional 911

SUBJECT: Unannounced Audit of the Emergency Medical Services Operations,
Regional 911 Division Petty Cash Fund

DATE: September 18, 2018

This letter serves to inform you that the Division of Inspector General has completed an unannounced audit of the Emergency Medical Services Operations, Regional 911 Division Petty Cash Fund on July 17, 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 reconciled to the authorized amount. The department's internal controls and safeguarding of this fund are adequate, and the majority of the policies and 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.



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1. The Alternate Custodian Is Not Performing Backup Responsibilities.

The Alternate Custodian's responsibilities have been limited to counting and balancing the Emergency Medical Services Operations, Regional 911 Division (EMS 911) Petty Cash Fund each month.

As part of our unannounced cash audit process, we interviewed the Custodians to obtain information regarding controls to secure funds. We also reviewed documentation for the monthly cash counts required by the Finance Division's Petty Cash and Change Fund Policy and Procedures, which states that, "At a minimum each fund should be counted and balanced monthly by the supervisor of the custodian or other designee."

The Alternate Custodian does not have direct access to the Petty Cash Fund and has not made any petty cash disbursements to employees. However, the Alternate Custodian has been verifying the Petty Cash Fund each month (See No. 2 below). The Primary Custodian stated the Alternate Custodian is frequently out of the office and it is somewhat difficult to arrange a time to count and balance the fund each month. There are no other employees involved with petty cash responsibilities.

Management submits the, "REQUEST FOR PETTY CASH/CHANGE FUND" form to the Finance Division to appoint or change Alternate Custodians. The Alternate Custodian is appointed to provide backup responsibilities in the event the Primary Custodian is unavailable. The Alternate Custodian should have access to the secured funds and is authorized to disburse and replenish the Petty Cash Fund.

The Alternate Custodian does not have direct access to the petty cash funds. In the event the Primary Custodian is not available, petty cash cannot be disbursed to department employees when needed.

We recommend Management assign Petty Cash Fund responsibilities to the current Alternate Custodian, or assign a different individual for the Alternate Custodian role to ensure coverage when the Primary Custodian is not available.

Management Response:

Management Concurs. Management agrees with the findings and recommendations and has already put updates and corrections into place.

2. The Alternate Custodian Is Counting And Balancing The Petty Cash Fund Monthly.

The Alternate Custodian performs the monthly count of the EMS 911 Petty Cash Fund instead of the supervisor of the Custodian, or someone independent of custodial responsibilities (designee). The Alternate Custodian's responsibility has been limited to counting and balancing the Petty Cash Fund at least monthly. The Primary Custodian stated the Alternate Custodian does not have access to the cabinet where the Petty

Cash Fund is secured, and does not disburse and/or replenish the Petty Cash Fund. The Alternate Custodian should perform backup custodial responsibilities (See No. 1 above) and not participate in an independent petty cash count.

The Finance Division's Petty Cash and Change Fund Policy and Procedures states, "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 designated employee should be independent of the custodial responsibilities.

Staff was not aware that the supervisor of the Custodian or other designee should count and balance the fund monthly. The Alternate Custodian is the authorized employee to perform custodial responsibilities in the event the Primary Custodian is unavailable. There is potential risk for misuse of funds if custodians are performing counts and balancing of funds they have access to.

We recommend Management require an independent employee 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. Management agrees with the findings and recommendations and has already put updates and corrections into place.

We appreciate your staff's cooperation during this audit.