


City of
Gainesville

Inter-Office Communication

February 23, 2000

TO: Audit and Finance Committee
Mayor Paula M. DeLaney, Chair
Mayor-Commissioner Pro Tem Bruce L. Delaney, Member

FROM: Alan D. Ash, City Auditor 

SUBJECT: Petty Cash and Change Fund Counts for the Fiscal Year Ended September 30, 1999

RECOMMENDATION

The Audit and Finance Committee recommend the City Commission accept the City Auditor's report on Petty Cash and Change Fund Counts for the Fiscal Year Ended September 30, 1999.

EXPLANATION

In accordance with our Annual Audit Plan, we performed surprise counts of petty cash and change funds during Fiscal Year 1998-99. Our review was conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. Our procedures are designed to provide reasonable assurance that adequate policies and procedures over the control of petty cash and change funds are in place and observed. Although individual expenditures from petty cash funds are small and normally less than \$50, the volume of transactions may be relatively high. Assuming all petty cash funds throughout the City are replenished monthly, the annual expenditures from these funds are estimated to exceed \$141,120.

Our procedures generally consisted of performing surprise test counts on selected petty cash/change funds maintained in General Government and Gainesville Regional Utilities. For each count, we reviewed cash, receipts and other records as necessary to determine whether all funds were adequately secured, expended for an appropriate public purpose and properly accounted for.

SUMMARY OF RESULTS

During fiscal year 1998-99, we conducted audits of 12 petty cash funds throughout General Government and Gainesville Regional Utilities. Based on our procedures, we determined that seven funds contained errors, either overages or shortages, ranging from approximately \$1 to \$33. The majority of the unbalanced accounts resulted from inadequate documentation or oversight, staff turnover, poor communication and infrequent fund reconciliation.

Petty Cash and Change Funds

February 23, 2000

Page Two

In all cases, petty cash funds were restored with custodians submitting appropriate memos to the Finance Department documenting the errors. During the course of our review, custodians were advised of needed improvements in documentation and the physical safeguarding of funds. The issues surrounding the errors were reviewed with Finance and appropriate supervisory staff. Three of the departments eliminated their petty cash funds and plan to utilize the cashier in Finance or the more convenient ProCards.

In accordance with our Annual Audit Plan for Fiscal Year 1999-2000, we will continue to perform surprise counts of petty cash and change funds. In addition, the City Auditor's Office plans to prepare a brochure offering helpful tips to petty cash custodians during our counts.