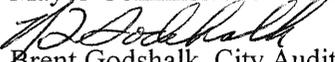


City of
Gainesville

Inter-Office Communication

November 21, 2005

TO: Audit and Finance Committee
Mayor Pegeen Hanrahan, Chair
Mayor-Commissioner Pro Tem Chuck Chestnut, Member

FROM: 
Brent Godshalk, City Auditor

SUBJECT: Petty Cash and Change Fund Counts for Fiscal Year 2005

Recommendation

The Audit and Finance Committee recommend that the City Commission accept the City Auditor's report.

Explanation

In accordance with our Annual Audit Plan, we performed surprise counts of petty cash and change funds during Fiscal Year 2005. Our review was conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. Our procedures were 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 moderately high. Assuming all petty cash funds are replenished bi-monthly, estimated annual expenditures from these funds are approximately \$55,000.

There are 59 active petty cash/change funds maintained in General Government and Gainesville Regional Utilities. Our procedures generally consisted of performing surprise test counts on selected funds and reviewing cash, receipts and other records as necessary to determine whether funds were adequately secured, expended for an appropriate public purpose and properly accounted for. The City Auditor's Office advises management of count results and distributes a brochure offering helpful tips to custodians.

Summary of Results

During FY 2005, we conducted audits of 19 cash funds throughout General Government and Gainesville Regional Utilities. Results indicate that three funds contained variances (overage or shortage) ranging from under \$1 to \$20. Variances resulted from general errors or oversight. All funds were restored with custodians submitting appropriate memos to the respective Finance Department documenting the errors. Custodians were advised of needed improvements in documentation or physical safeguarding of funds and circumstances surrounding the errors were reviewed with appropriate Finance and supervisory staff.

In accordance with our proposed Annual Audit Plan for FY 2006, we will continue to perform surprise counts of petty cash and change.