

**DEPARTMENT OF
AUDIT AND CONTROL**

PETTY CASH AUDITS

**AVIATION
COUNTY CLERK
FINANCE
HIGHWAY
LIBRARY
MOTOR VEHICLES
OFFICE FOR AGING
PARKS AND RECREATION
PUBLIC TRANSPORTATION
SECURITY
SHERIFF
SOLID WASTE MANAGEMENT
WILLOW POINT NURSING HOME**

Alex J. McLaughlin, Comptroller

February 19, 2002

Jeffrey P. Kraham, County Executive:

The Department of Audit and Control has completed Petty Cash Audits for several funds. The examination of the petty cash funds was made in accordance with generally accepted auditing standards. The principle objective was to determine if the departments were accounting for their petty cash in accordance with the policy established in the Broome County Administrative Code, A216.

Based on the results of our examination, except for the instances noted herein, it is our opinion that the departments are following the appropriate policies and procedures to monitor and record petty cash transactions.

Alex J. McLaughlin
County Comptroller

Cc: Daniel A. Schofield, Chairman of the Legislature
Members of the Legislature
Louis P. Augostini, Clerk of the Legislature
Carl G. Olson, Commissioner, Aviation
Barbara Fiala, County Clerk
Henry D. Weissman, Executive Deputy, Motor Vehicles
Jerome Z. Knebel, Commissioner of Finance
Carl A. Fenescey, Director, Security
David E. Harder, Sheriff
William A. Sczesny, Commissioner of Public Works
Ronald Bailey, Commissioner of Public Transportation
John F. Demske, Administrator, Willow Point Nursing Home
James L. Hackett, Commissioner, Parks and Recreation
Donna Riegel, Director, Library
Kathleen Bunnell, Director, Office for Aging

AUDIT FINDINGS, RECOMMENDATIONS AND RESPONSES

-PUBLIC TRANSPORTATION-

FINDING 1: PETTY CASH FOUND TO BE IN CHECKING ACCOUNT

During the course of our audit we discovered that the Department of Public Transportation had some petty cash in a bank checking account. The bank charges a \$5 monthly fee to maintain the checking account, which is paid out of petty cash.

A petty cash fund is established by estimating the amount of CASH needed for disbursements during a given period. If, for some reason, a vendor requires payment by check instead of cash, a check can always be obtained from Accounts Payable within one cycle of making the request, or immediately if a manual check is justified.

Paying a monthly fee for the use of a bank checking account to hold the petty cash fund is an unnecessary expenditure and is not cost effective. Using the bank checking account defeats the purpose of having Petty Cash.

RECOMMENDATION:

We recommend that the Department of Public Transportation discontinue their use of bank checking accounts for petty cash.

MANAGEMENT RESPONSE:

The Department of Public Transportation has agreed to close their checking account.

AUDIT FINDINGS, RECOMMENDATIONS AND RESPONSES

-DEPARTMENT OF PARKS AND RECREATION-

FINDING 2: PETTY CASH RECEIPTS ARE NOT KEPT WITH THE PETTY CASH FUND

We were unable to complete our audit at Grippen Park because the petty cash receipts were not kept with the money. We could not verify that the missing money was actually accounted for through receipts.

Petty cash receipts are completed to document the amount of cash removed.

Without the authorized petty cash receipts the amount of cash removed can not be readily verified.

RECOMMENDATION:

We recommend that the Department of Parks and Recreation revise its management practices to ensure that petty cash and related receipts are always maintained together.

MANAGEMENT RESPONSE:

The department's petty cash receipts management practices have been revised at Grippen Park to ensure that both the petty cash and related receipts are always maintained together. Please note that the receipts prior to the audit were inadvertently kept in a filing cabinet with all receipts accounted for.

AUDIT FINDINGS, RECOMMENDATIONS AND RESPONSES

-LIBRARY-

FINDING 3: CASH RECEIPTS NOT DEPOSITED INTACT ON A DAILY BASIS

During the course of our audit, we discovered that cash receipts are deposited only once a week at the branch libraries instead of being deposited daily.

The timely deposit of cash and checks is vitally important to adequate internal control.

Receipts secured at the branch libraries are not earning interest, nor are they insured against loss.

RECOMMENDATION:

We recommend that each Library branch deposit each day's receipts intact on a daily basis.

MANAGEMENT RESPONSE:

It would be fiscally impractical to have the Branches deliver their receipts daily. At the current mileage reimbursement rate of \$0.34/mile the Library would be paying staff an amount close to (or exceeding) 50% of receipts.

Auditor's note:

We do not think that the management response is following proper cash management practices. A cost-effective way to make daily deposits should be worked out by management.

AUDIT FINDINGS, RECOMMENDATIONS AND RESPONSES

-LIBRARY-

FINDING 4: BRANCH LIBRARY STAFF ARE NOT ADEQUATELY TRAINED TO USE CASH REGISTERS

During our audit of two different Library branches, we found that the employees using the cash register were unaware of how much cash was supposed to be in their drawer and were unable to print out the amount of the day's total receipts.

Without the proper training, tasks may be performed inconsistently or in an improper manner.

RECOMMENDATION:

We recommend that the Library undertake measures to ensure that all employees are adequately trained in the tasks related to the proper performance of their job duties.

MANAGEMENT RESPONSE:

Branch staff will be re-trained to emphasize the proper procedures to handling receipts. Turnover of personnel has made training problematic. However, the Library will give this training top priority.