

*City of*  
*Gainesville*

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*Inter-Office Communication*

November 25, 2003

**TO:** Audit and Finance Committee  
Mayor Tom Bussing, Chair  
Mayor-Commissioner Pro Tem Chuck Chestnut, Member

**FROM:** Alan D. Ash, City Auditor

**SUBJECT:** Petty Cash and Change Fund Counts for the Fiscal Year Ended September 30, 2003

**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, 2003.

**EXPLANATION**

In accordance with our Annual Audit Plan, we performed surprise counts of petty cash and change funds during Fiscal Year 2002-03. 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 moderately high. Assuming all petty cash funds are replenished periodically, estimated annual expenditures from these funds are approximately \$60,000.

There are 64 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 all funds were adequately secured, expended for an appropriate public purpose and properly accounted for. In addition, the City Auditor's Office continues the distribution of a brochure offering helpful tips to custodians.

## **SUMMARY OF RESULTS**

### **Petty Cash, Change Funds and Litigation Checking Account**

During the fiscal year, we conducted audits of 25 funds throughout General Government and Gainesville Regional Utilities. We selected 15 cash funds, 9 change funds and the litigation checking account. In general, we found a higher percentage of funds in balance over last fiscal year, however five funds contained variances (overage or shortage) ranging from under \$1 to \$16. Variances in these funds resulted from general errors or oversight. The litigation checking account had excess funds of \$547 that resulted from the account not being periodically adjusted for outstanding or voided checks. Replenishments to the account are based on checks written, however the balance gradually increased over time because replenishments were not adjusted for checks not clearing or checks later voided after distribution. Notwithstanding this oversight, voucher packets and underlying receipts were neat and orderly. We made several recommendations to assist legal staff in maintaining the account at the authorized level.

In the cases described above, 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.

### **Pool Cash and Concession Stands**

During the fiscal year, recreation management noted difficulties in reconciling cash reports at the three pool locations and requested our assistance in reviewing cash handling procedures, including a new concession stand at Westside pool. We worked with management and made recommendations for improvement in control over pool and concession revenues, including updating written procedures, developing inventory guidelines, implementing training programs, strengthening supervisory review and reviewing security of cash registers and bank bags. Our office will monitor progress on implementing these recommendations and continue to assist in any way possible.

## **CONCLUSION**

We believe that since the issues were resolved with the appropriate managers during the course of our review, a written response to this report is not necessary. In accordance with our proposed Annual Audit Plan for Fiscal Year 2003-04, we will continue to perform surprise counts of petty cash and change funds.