



# Cash Counts Audit

## Fleet Management

Report AR-2303  
June 1, 2023

### Why We Did This Audit

The purpose of our audit was to determine whether petty cash/imprest funds existed as recorded in City records and were properly accounted for at the time of the cash count. The audit objectives were to 1) determine whether Fleet Management properly maintained its petty cash fund, 2) ensure the funds were reasonably safeguarded from loss, and 3) provide recommendations to strengthen and improve internal controls if issues were identified.

### What We Found

Our surprise cash count of Fleet Management showed petty cash funds were securely located, and access to the funds was appropriately restricted to the fund custodian. However, we identified some areas for improvement to enhance internal controls and compliance with the City's Administrative Policies and Procedures No. 614 (APP 614), *City of Tallahassee Policy on Petty Cash Disbursements*. Specifically, we noted the following:

- Due to the limited utilization of the petty cash fund, the continued use of the fund may not be necessary,
- The count and reconciliation of the petty cash fund showed a variance of \$21.54,
- Evidence of management inspection or approval was not available,
- Documentation required to support petty cash transactions was insufficient,
- One petty cash transaction exceeded the \$50 maximum amount allowed for reimbursement.

### HIGHLIGHTS

**Scope:**

Petty cash fund  
maintained by the  
City's Fleet Department

**Conducted:**

Surprise cash count  
Reconciliation of funds

**Interviewed:**

Fleet Staff

**Reviewed:**

Significant processes  
Adequacy of relevant controls

**Audit Period:**

September 2022

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## Background

APP 614 defines an imprest fund as a fixed or petty cash fund in the form of currency or coin that has been advanced as funds held outside of the Revenue Division of the Office of the City Treasurer-Clerk. Imprest funds are authorized and established for two primary purposes: 1) petty cash or other small disbursements, and 2) cashiering operations at City “point of sale” locations (e.g., golf course pro shops and StarMetro C.K. Steele Plaza).

A total of 16 imprest funds have been established within the City. Appropriate controls are needed to safeguard and account for imprest funds due to the inherent risk of loss associated with cash. Similarly, adequate controls are required to ensure disbursements of those funds are made only for authorized and proper purposes.

Good business practices provide that each petty cash transaction be supported by adequate documentation (e.g., vendor receipts), approved by appropriate managerial staff, and accurately recorded in the City’s accounting system. In recent years, the need for petty cash funds within City departments has diminished due to the extensive use of City Purchase Cards (P-Cards).



Observation 1 - Limited Utilization of  
Imprest Funds

During our surprise cash count of the petty cash fund at Fleet Management, we noted that during the previous five years (2017 - 2022), seven petty cash reimbursements had occurred. Therefore, due to the limited utilization of the petty cash fund, we concluded the continued use of such a fund by Fleet Management may not be necessary. We inquired of Fleet Management and they concurred with our conclusion. Accordingly, we recommend the fund balance be returned to the Revenue Division and dissolved.

**Management's  
Corrective Action**

Management concurs with the recommendation to return the fund balance to the Revenue Division and dissolve the petty cash fund.

***The Fleet Management petty cash fund had seven reimbursements for the period September 25, 2017 to November 23, 2021, totaling \$123.92.***

### Management's Corrective Action

No action required as the petty cash fund is being dissolved and funds returned to the Revenue Division, as noted in Observation 1.

### Observation 2 - Need for Periodic Reconciliation and Cash Accountability

APP 614 states the combined total of the current petty cash and the total amount of the outstanding petty cash reimbursement forms must equal the total amount of petty cash issued to the outlying department. The fund custodians' supervisor should periodically inspect the records and count the cash in the petty cash/imprest fund, while in the presence of a custodian, to ensure proper accountability.

During our surprise cash count of the petty cash fund maintained by Fleet Management and our review of supporting documentation, we noted periodic reconciliations of the fund were not performed as required by APP 614. Specifically, there was no indication the petty cash fund had been reconciled since 2017. Fleet Management's authorized imprest fund amount was \$200. See our reconciliation of the petty cash fund below:

<b>Fleet Management Petty Cash Fund</b>		
Authorized Fund Amount		\$200.00
Cash on hand	\$ 54.54	
Total of receipts	<u>\$123.92</u>	
Total		<u>\$178.46</u>
Shortage		<u>\$ (21.54)</u>

As noted above, the reconciliation showed a shortage of \$21.54. Had periodic reconciliations been performed as required by APP 614, this variance would have been detected and resolved earlier.

### Observation 3 - Insufficient Supporting Documentation

Supporting documentation is an essential element of internal control that provides a financial record of each event or activity. It helps to ensure the reasonableness, accuracy, and completeness of transactions. The table below shows the issues we noted during our review of petty cash reimbursements.

<b>Summary of Testing</b>	
<b>APP 614 Requirement</b>	<b>Test Results</b>
To receive reimbursement from the petty cash fund, City employees are required to complete a standard Petty Cash Reimbursement Form. The petty cash reimbursement must be approved with the signature of the appropriate managerial staff within their department.	The Petty Cash Reimbursement Forms had not been prepared and were not included with supporting documentation for the seven transactions reviewed.
The original receipt for the expenditure must be attached to the Petty Cash Reimbursement Form. The original receipt must be stamped with canceled or paid when received so the receipt cannot be presented again. Copies of original receipts or duplicate receipts will not be accepted.	Original receipts were not defaced by being stamped canceled or paid. Documentation supporting reimbursement for a water purchase (totaling \$28) was limited to a handwritten note indicating the original receipt was lost.
Before a petty cash reimbursement is authorized, the authorizing manager should verify that the related expenses were incurred for authorized and necessary City business.	The supporting documentation for all seven petty cash transactions tested did not indicate a manager verified the purchases served an authorized and necessary business purpose.

#### **Management's Corrective Action**

No action required as the petty cash fund is being dissolved and funds returned to the Revenue Division, as noted in Observation 1.

**Management's  
Corrective Action**

No action required as the petty cash fund is being dissolved and funds returned to the Revenue Division, as noted in Observation 1.

Observation 4 - Reimbursement in Excess of  
Maximum Allowed

APP 614 allows a maximum petty cash reimbursement of \$50.00 per transaction. During our review of petty cash fund supporting documentation, we noted one of the seven expenditures exceeded the allowable maximum petty cash reimbursement amount. Specifically, we noted one reimbursement in the amount of \$66.67.

*APP 614 allows a maximum petty cash reimbursement of \$50.00 per transaction.*

## Conclusion

We determined petty cash funds were securely located, and access to the funds was appropriately restricted to the fund custodian. Our audit identified issues regarding management oversight and reconciliation of the imprest fund. Due to limited utilization of petty cash funds, we recommended the fund balance be returned to the Revenue Division and dissolved. Accordingly, we did not offer recommendations to address the issues identified.

## Appointed Official's Response

### *City Manager*

Thank you for the thorough review of various Cash Counts within the organization. The Fleet Management Petty Cash Fund has been underutilized for several years as the department has implemented more efficient and effective means completing purchasing transactions. I concur with the recommendation to dissolve the fund and plans are currently underway to do so by the department's management team. I appreciate the support and assistance by the audit team.

## Acknowledgements

We would like to express our appreciation to Fleet Management and staff for their cooperation and assistance during this audit.

## Project Team

**Engagement conducted by:** Travis Britt - Staff Auditor  
**Supervised by:** Bill Pace, CPA, CPM - Audit Manager  
 Jane Sukuro, CPA, CIA, CIG - Deputy Inspector General  
**Approved by:** Dennis R. Sutton, CPA, CIA, CIG - Inspector General

## Statement of Accordance

The Office of Inspector General's mission is to advance integrity, accountability, transparency, and efficiency and effectiveness within City government by providing professional, independent, and objective audit and investigative services.

We conducted this audit in conformance with the Institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing and Generally Accepted Government Auditing Standards. Those standards require we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our objectives.

Please address inquiries regarding this report to the Office of Inspector General at (850) 891-8397 or [inspector.general@talgov.com](mailto:inspector.general@talgov.com).



