



Cash Counts Audit

Tallahassee International Airport

Report AR-2304
June 8, 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 the Tallahassee International Airport (Airport) properly maintained petty cash/imprest funds, 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 the Airport determined the petty cash/imprest funds' total cash on hand plus reimbursement receipts was equal to the authorized fund amount (i.e., all funds were accounted for), and the funds were securely located. However, we identified some areas for improvement to enhance internal controls and compliance with the Administrative Policies and Procedures No. 614 (APP 614), *City of Tallahassee Policy on Petty Cash Disbursements*. Specifically, we noted the following:

- Approval of petty cash disbursements should be segregated from the petty cash/imprest fund custodial function, and
- Original receipts should be defaced when reimbursed by being stamped canceled or paid.

HIGHLIGHTS

Scope:

Petty Cash/Imprest Funds
maintained by the
Airport Finance and
Operations Offices
*(Airport parking was excluded and will be
addressed in a separate engagement.)*

Conducted:

Surprise Cash Count
Reconciliation of Funds

Interviewed:

Airport Staff

Reviewed:

Significant Processes
Adequacy of Relevant Controls

Audit Period:

May 2022

Observations

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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 - Insufficient Segregation of Duties

Segregation of duties is an essential internal control that separates duties and responsibilities so that one person does not have sole or excessive control of a process. Separating incompatible duties is intended to reduce the risk of intentional or unintentional errors occurring without timely detection. Administrative Policies and Procedures Manual No. 630 (APP 630), *Internal Control Guidelines*, is the City's policy on internal controls. It provides guidance for each department in establishing and maintaining its internal control structure, including the segregation of duties. Furthermore, APP 630 requires certain direct management oversight activities, including reviewing and approving staff's work.

During our surprise count of the petty cash fund maintained by the Airport and our review of the supporting documentation, we noted all petty cash reimbursements were approved by the fund custodian, not the appropriate managerial staff. Fund administration and transaction approval are incompatible duties and should be segregated.

When this was brought to management's attention, management reviewed the use of the petty cash fund and concluded the volume of activity was such that continued use of the fund was not needed. Accordingly, management will dissolve the petty cash fund and return the monies to the Revenue Office.

We concur with management's decision, and as such, no recommendation is needed.

Management's Corrective Action

No action required as management has decided to eliminate the petty cash fund and return the funds to the Revenue Division.

The Airport's petty cash/imprest fund had three reimbursements for the period September 24, 2021 to May 4, 2022 totaling \$69.16.

**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 - Non-Defacement of Invoice Receipts

As noted in the Background section above, APP 614 governs the use and management of petty cash/imprest funds within the City to help ensure cash funds are adequately safeguarded and disbursements are properly processed. Among other things, APP 614 requires the completion of a Petty Cash Reimbursement Form (see Appendix A), attaching the original receipt to the form, and defacing the receipt by stamping it with canceled or paid so it cannot be presented for payment more than once.

During our review of the Airport's petty cash procedures and petty cash disbursement supporting documentation, we noted the following:

- Petty Cash procedures did not include instructions to deface the original cash receipts, and
- The petty cash invoice receipts tested were not defaced as required by APP 614.

No recommendation necessary as the petty cash fund is being eliminated, see Observation 1.

***APP 614 governs the use and management of
impres/petty cash funds within the City.***

Conclusion

We determined the petty cash/imprest funds were securely located and the total of cash on hand plus reimbursement receipts was equal to the authorized fund amount. We concur with management's decision to eliminate the petty cash fund.

Prior to issuing this report, the Airport's petty cash funds were returned to the City's Revenue Division, and the petty cash fund was closed. Accordingly, no audit follow-up process will be performed as management has taken action to close the Airport's petty cash fund.

Appointed Official's Response

City Manager

I am very pleased with the outcome of this audit. The results of the audit conclude that the Aviation Department demonstrates appropriate controls over its petty cash/imprest funds. Given that the need for petty cash funds has diminished due to the extensive use of City Purchase Cards, Aviation intends to dissolve the imprest fund and return the monies to the Revenue Division of the Treasurer-Clerk's Office. I would like to thank the Office of the Inspector General and his staff for their diligent and professional review and ongoing support to strengthen our City controls and processes.

Acknowledgements

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

Project Team

Engagement conducted by: Johnny Hawkins, CIGA - 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.

<http://www.talgov.com/transparency/inspectorgeneral.aspx>

Appendix A Petty Cash Reimbursement Form



**Office of the City
Treasurer-Clerk**

Statement of Petty Cash Reimbursement


I _____ request reimbursement for the following item(s).

(Date:) ITEM	ACCOUNT	FUND	DEPT ID	PROGRAM	CLASS	PROJECT ID	ACTIVITY	AMOUNT
								\$ _____
								\$ _____
								\$ _____
								\$ _____
								\$ _____
Total								\$ _____

Approved by: _____ Revenue Employee: _____
(Name and Title) (Name)

(Attach item Receipts to the back of this statement)

No Credit Card Charges Reimbursed
\$50.00 Maximum Amount Per Item



**Office of the City
Treasurer-Clerk**

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