

Subject: **Audit of Department's Petty Cash Accounts and Fixed Assets**

To: Edward Reilly, Sheriff

From: Jane Levine

**Date:** May 26, 2004

We recently conducted an audit of the Sheriff Department Civil Division's four petty cash accounts for compliance with the Comptroller's "Control Directive 1: Petty Cash Accounts." Additionally, we performed a spot test of the Civil Division's fixed assets to ensure they are properly accounted for within the county's Fixed Asset Accounting and Control System ("FAACS").

### **Petty Cash:**

Our examination of the various petty cash accounts maintained by the Department found shortages in two of the four bank accounts reviewed. Under an imprest petty cash system, shortages and overages should be accounted for each time the fund is replenished so that the amount of cash on hand is equal to the imprest amount of the fund. We found the following exceptions in our review and count of the four petty cash accounts:

#### **Sheriff - Transporting Inmates \$6,000 Petty Cash Account:**

##### **Findings:**

1) Our audit disclosed an unsupported shortage of \$217.78, and a shortage of \$19.71 for nonreimbursable sales taxes, for a total shortage of \$237.49. Additionally, the Department failed to follow the notification process noted in the Comptroller's Office Petty Cash Control Directive issued on October 1, 2003. A copy of the directive is attached for your information.

#### **Sheriff - Family Court Unit \$1,000 Petty Cash Account:**

##### **Findings:**

1) The petty cash custodian was not aware of the Comptroller's petty cash directive, which provides procedures to departments for the administration of their petty cash accounts.

2) Our cash count disclosed an unsupported shortage of \$150.63. Again, the Department failed to follow the notification process noted in the Comptroller's Office Petty Cash Control Directive. There were no petty cash vouchers available for our review.

3) The petty cash custodian does not perform any reconciliations of the bank account that is maintained for this petty cash fund.

4) Two supervisors are the petty cash account custodians for their respective shifts. The Comptroller's Petty Cash Control Directive states that the department head must designate an account custodian and an alternate. There are no alternates designated for either shift.

#### **Sheriff - Civil Unit \$100 Petty Cash Account and Headquarters \$200 Petty Cash Account:**

##### **Findings:**

1. The petty cash custodians for these two accounts were not aware of the Comptroller's Office Petty Cash Control Directive.

**Fixed Assets:**

We found the following exceptions in our review of fixed assets:

**Findings:**

1) The acting Inventory Custodian for the Civil Division does not have access to FAACS. The custodian is not trained to enter fixed asset acquisitions, transfers, or deletions. In addition, the custodian is unable to address transactions in the FAMIS to FAACS Hold File that require review to determine if they must be entered as fixed assets in the FAACS system.

2) On February 24, 2004 the Deputy County Executive for Operations issued Operations Directive Number 028-2004, entitled Fixed Asset Tracking System. A copy of the directive is attached for your information. The directive instructs departments to identify an inventory custodian and forward the custodian's name and phone number to the Office of County Operations by March 10, 2004. Your department has not yet officially designated an inventory custodian. The Office of County Operations and the Comptroller's Office will coordinate training for inventory custodians, so it is essential that your inventory custodian be identified to ensure inclusion in the training sessions.

3) Ten of the Civil Division's assets located in the department were randomly selected for proper inclusion in FAACS. We found six of these assets were not listed in FAACS. Conversely, an additional ten assets were randomly selected from FAACS, and eight of these assets could not be found.

**Fixed Assets Listed in FAACS, but Not Located at Department**

Property ID#	Asset Description	Serial Number	Original Cost	Manufacturer	Sub Location per FAACS
A000811	TABLE CONF 12X4 &12CH		1,500.00		SH16
A088813	READER MICFILM ABR600	B&H 729	1,256.00		SH02
A088844	TYPEWRITER IBM 6705	6047558	760.00	IBM	SH07
A088845	TYPEWRITER IBM 6705		760.00	IBM	SH07
A088860	IBM TYPEWRITER #6705	6397349	760.00	IBM	SH07
A088861	IBM TYPEWRITER #6705	6395022	760.00	IBM	SH07
A189065	CLOSED CIRCUIT TV SYST	SV2020	2,825.00		SH18
A189071	COPIER-XEROX	02U-433237	2,225.00	XEROX	SH19
	<b>Total</b>		<b>10,846.00</b>		

**Fixed Assets Examined at the Department, but not Listed in FAACS**

Property ID#	Asset Description	Serial Number	Manufacturer	Location
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C07788	CPU	83A0K	DELL	Hdqtrs
CO7789	MONITOR-E772P	DP/N 04P121	DELL	Hdqtrs
CO7816	MAIL MACHINE AND METER		PITNEY BOWES	Hdqtrs
C07787	PANAFAX UF333	01306D2165	PANASONIC	Hdqtrs
C07792	TYPEWRITER		IBM	Hdqtrs
C01427	CPU	6RM2S21	DELL	Family Court

**Recommendations:**

**Petty Cash:**

**Sheriff - Transporting Inmates \$6,000 Petty Cash Account:**

- 1) The Petty Cash Custodian should contact the Comptroller's Office to resolve the \$237.49 shortage.

**Sheriff - Family Court Unit \$1,000 Petty Cash Account:**

- 1) The petty cash custodians for each shift should have a copy of the Comptroller's Office Petty Cash Control Directive and adhere to it.
- 2) The petty cash custodian should contact the Comptroller's Office to resolve the \$150.63 shortage.
- 3) Bank reconciliations should be prepared monthly.
- 4) Each shift should have a petty cash custodian and an alternate.

**Sheriff - Civil Unit \$100 Petty Cash Account and Headquarters \$200 Petty Cash Account:**

- 1) The department head should notify the Comptroller's Office of the name of the petty cash custodian and alternate.
- 2) The petty cash custodian and alternate should adhere to the Comptroller's Office Petty Cash Control Directive.

**Fixed Assets:**

1. The Sheriff's Department must appoint an official inventory custodian whose name must be submitted to the Comptroller's Office.
2. The department head should request FAACS access and training for the inventory custodian.
3. The physical assets found that were not in FAACS should be entered into FAACS.
4. The department inventory custodian must conduct a physical inventory. The physical inventory should be reconciled to FAACS. The inventory custodian must give greater attention to the maintenance of the fixed asset inventory and must follow the proper procedures, including performing all the necessary paperwork and the updating of FAACS, when acquiring and disposing of assets.

Please review the audit exceptions noted and prepare a corrective action plan for submission to our office within 15 business days of receipt of this memorandum. Thank you for your cooperation in this matter. If you have any questions, please contact Bruce Kubart at 571-1147, or Janis McDermott at 571-1148.

Cc: Howard S. Weitzman, Comptroller  
Manuel Mosquera, Deputy Comptroller for Audits and Special Projects  
Bruce Kubart, Deputy Director, Audit  
Elizabeth Loconsolo, Deputy County Attorney