

GALVESTON COUNTY



Office of County Auditor

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June 21, 2016

Honorable Mark A. Henry, County Judge, and
Members of the Commissioners Court

Honorable Mark A. Henry and Members of the Court:

Attached for your consideration is the internal audit report of the Galveston County Sheriff's Office Petty Cash Fund. The audit covered the period May 1, 2015 through April 30, 2016. Also attached is the response letter from Honorable Henry Trochesset dated May 27, 2016.

Sincerely,

A handwritten signature in blue ink, appearing to read "Rice CPA".

Randall Rice CPA
County Auditor

cc: Honorable Henry Trochesset

Attachment: Sheriff's Office Petty Cash Fund Audit Report
Response Letter, Honorable Henry Trochesset



Galveston County Sheriff's Office Petty Cash Fund Audit

May 12, 2016

Galveston County
Internal Audit
Division

Randall Rice CPA
CITP CISA CIO CBM DABFA CGMA
County Auditor

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Executive Summary

Reliability and Integrity of Information (page 3)

- Nothing came to our attention during the audit to cause us to doubt the overall reliability and integrity of the information. However, controls over recordkeeping and reporting can be improved by implementing the following recommendation:
 - Attach a copy of the county issued manual receipt, along with any additional support for petty cash fund reimbursements. Also include any additional support documents applicable to the disbursement (register receipt, invoice, etc.).

Safeguarding of Assets (page 4)

- Physical security over assets (cash) is adequate.
- County issued manual receipts had the signatures of both the issuer and the recipient of the petty cash disbursement.

Compliance with Statutes, Policies and Procedures (page 5)

- The Sheriff's Office is in compliance with LGC §130.904.

Introduction

The Internal Audit Division conducted an internal audit of the Galveston County Sheriff's Office petty cash fund in accordance with Local Government Code §115. The internal audit covered the period May 1, 2015 through April 30, 2016. The audit was performed from May 2, 2016 through May 12, 2016.

The primary objectives of the internal audit are to provide reasonable assurance concerning:

- Reliability and integrity of the information.
- Safeguarding of assets.
- Compliance with laws, policies and procedures.

The scope of the internal audit encompassed the financial records and administrative procedures related to the Galveston County Sheriff's Office petty cash fund. The internal audit included, but was not limited to, the books, accounts, reports and records of the Sheriff's Office petty cash fund.

The internal audit included examining transactions on a test basis, and required exercising judgment in the selection of such tests. As the internal audit was not a detailed examination of all transactions, there is a risk that errors or fraud were not detected during the internal audit. The official therefore retains the responsibility for the accuracy and completeness of the financial information.

Because of certain statutory duties required of the County Auditor, we are not independent with regard to the Galveston County Sheriff's Office as defined by the AICPA professional standards. However, our internal audit was performed with objectivity and due professional care.

Jordan Guss, Information Systems Audit Team Lead, performed the audit.

Reliability and Integrity of Information

Reliable information is accurate, timely, complete and useful. In order to achieve this, controls over recordkeeping and reporting must be adequate and effective.

Petty Cash Fund

The Sheriff's Office petty cash fund is used to advance funds to an officer or employee of the Sheriff's Office who is required to travel outside the county to conduct an investigation or to obtain custody of a prisoner. The fund is also used to pay other expenses incurred during law enforcement activities.

A county issued manual receipt is issued for each disbursement. All individuals involved in the disbursement must sign the receipt. A purchase order is submitted to replenish the funds. Upon receipt of the accounts payable check, the chief comptroller cashes the check and replaces the money in the petty cash fund.

Purchase Orders

In order to maintain the reliability and integrity of the purchase orders, a copy of the receipt issued for the original cash disbursement and an explanation for the use of the funds must be provided.

Finding: Some of the purchase orders reviewed did not have a copy of the county issued manual receipt attached. *(This is a prior audit finding.)*

Recommendation SOPC-15-01: Attach a copy of the county issued manual receipt, along with any additional support for petty cash fund reimbursements. Also include any additional support documents applicable to the disbursement (register receipt, invoice, etc.).

Disbursement Log

The chief comptroller of the Sheriff's Office maintains a log of the disbursements made from the petty cash fund. The log documents the following details regarding each disbursement:

- Receipt number, date and amount
- Recipient name
- Department in which the expense occurred
- Reason for the disbursement
- Purchase order number
- Accounts payable check number and amount
- Petty cash fund balance

The log maintained by the chief comptroller appears to be adequate and effective for monitoring the petty cash fund.

Safeguarding of Assets

Safeguarding of assets consists of the physical security of the fund and proper management of fund disbursements and reimbursements through the use of signed manual receipts.

Physical Security

Physical security encompasses any method to physically secure the funds from loss. Monies should be kept in a locked drawer/safe until they are needed.

As part of the audit, the auditor conducted a surprise cash count on May 3, 2016. All funds were accounted for at the time of the surprise cash count.

Controls are in place to ensure the staff uses a lockable safe to secure the petty cash fund until disbursements are ready to be made. The safe remains locked when not in use.

Manual Receipts

A county issued manual receipt is issued for every disbursement made from the petty cash fund. The receipts are issued in numerical order and should contain the signatures of both the issuer and the recipient of the petty cash distribution. An explanation for the disbursement should be provided on the receipt.

No discrepancies were found in the testing of manual receipts.

Compliance with Statutes, Policies and Procedures

Sheriff's Petty Cash Fund

Local Government Code (LGC) §130.904 Sheriff's Petty Cash Fund (b) states: "Unless otherwise authorized by a resolution of the commissioners court, the petty cash fund may be used only to advance funds to an officer or employee of the sheriff's department who is required to travel outside the county to conduct an investigation or to obtain custody of a prisoner."

The Sheriff's Office is in compliance with LGC §130.904.



Henry A. Trochesset
Sheriff
Galveston County

May 27, 2016

TO: Mr. Randall Rice, CPA
County Auditor

RE: Audit Report, Sheriff's Office Petty Cash Fund FY 2016 Audit

Mr. Rice:

I have reviewed your draft report of the FY 2016 Petty Cash Review Audit and agree with your observations.

We appreciate your offices' help in providing us with this feedback and we will extend every effort to comply with your suggestions. If we can be of further assistance or if any additional information is needed, please do not hesitate to contact me at x2301.

A handwritten signature in black ink that reads 'Henry Trochesset'.

Henry Trochesset
Sheriff

To Protect and Serve

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