

GALVESTON COUNTY



Office of County Auditor

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July 18, 2017

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 Sheriff's Office Petty Cash Fund audit. The audit covered the period June 1, 2016 through May 31, 2017. Also attached is the response letter from Honorable Henry Trochesset, dated July 6, 2017.

Sincerely,

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

Randall Rice CPA
County Auditor

cc: Honorable Henry Trochesset

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



Galveston County Sheriff's Office Petty Cash Fund Audit

June 22, 2017

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.

Safeguarding of Assets (page 4)

- Physical security over assets (cash) is adequate.
- No material discrepancies were noted in the review of county issued manual receipts for petty cash disbursements.

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 June 1, 2016 through May 31, 2017. The audit was performed from June 9, 2017 through June 22, 2017.

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 Senior Financial Coordinator cashes the check and replaces the money in the petty cash fund.

No material exceptions were found and controls are adequate and effective.

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.

No material exceptions were found in the review of support included with the purchase order requests.

Disbursement Log

The Senior Financial Coordinator 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 Senior Financial Coordinator 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 surprise cash counts on June 9, 2017 and June 15, 2017. All funds were accounted for at the time of the surprise cash counts.

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 material 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

July 6, 2017

TO: Mr. Randall Rice, CPA
County Auditor

RE: Petty Cash Audit Report, Sheriff's Office

Mr. Rice:

I have received the draft internal audit report and I would just like to extend my appreciation for your review of this account.

Kay Vickery and I look at these audits as an educational tool and we are always willing to listen and learn from the experience of your auditors. We realize the opinions and advice that they give makes our reporting process more efficient and reliable.

Kay spoke very highly of Jordan's professionalism and appreciated the flexibility she was able to offer when setting up for the interview. We were very pleased with the results of her audit and look forward to any suggestions she might have in the future that could assist us in our reporting process.

Best regards,

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

Henry Trochesset
Sheriff

To Protect and Serve

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