

GALVESTON COUNTY



Office of County Auditor

Randall Rice CPA CISA CIO, County Auditor
Kristin Bulanek CIA, First Assistant County Auditor

P.O. Box 1418, Galveston, Texas 77553

(409) 770-5304

722 Moody Ave 4th Floor, Galveston, TX 77550

November 5, 2018

Honorable Mark A. Henry, County Judge, and
Members of the Commissioners Court
722 Moody Avenue
Galveston, Texas 77550

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 August 1, 2017 through July 31, 2018. Also attached is the response letter from Honorable Henry Trochesset, dated October 17, 2018.

Sincerely,

A handwritten signature in blue ink that reads "RRice 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

September 11, 2018

Galveston County
Internal Audit
Division

Randall Rice CPA
CITP CISA CIO CBM DABFA CGMA
County Auditor

Executive Summary	1
Introduction	2
Details	3-5

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)

- The Senior Financial Coordinator should determine the reason for the \$181 overage in petty cash fund and return the overage to the County Treasurer to be deposited.
- Safeguarding of assets can be improved by the Senior Financial Coordinator reconciling the petty cash fund monthly.
- 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 August 1, 2017 through July 31, 2018. The audit was performed from August 23, 2018 through September 11, 2018.

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.

Lillian Arredondo, Internal Auditor, 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.

Transaction Log

All exchanges of funds regarding petty cash, game room winnings, seizures, writs of executions etc. are managed by the Senior Financial Coordinator of the Sheriff's Office. The Senior Financial Coordinator maintains a log of these transactions. The log documents the following details regarding each transaction:

- Receipt number, date and amount
- Recipient name
- Department in which the transaction occurred
- Reason for the transaction
- Purchase order number, when applicable
- Accounts payable check number and amount, when applicable

The log maintained by the Senior Financial Coordinator appears to be reasonably accurate 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.

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.

As part of the audit, the auditor conducted a surprise cash count on August 23, 2018. The auditor was unable to complete the cash count due to partial petty cash funds being secured within the Special Crimes Unit Lieutenant's office. The auditor was unable to access the office at the time. The auditor returned September 6, 2018 to complete the cash count.

Finding: There was a \$30 overage in the petty cash fund at the time of the August 23rd surprise cash count.

Finding: There was a \$181 overage in the petty cash fund at the time of the September 6th surprise cash count.

Recommendation SOPC-18-01: The Senior Financial Coordinator should determine the reason for the overage. The overage should be returned to the County Treasurer to be deposited as miscellaneous revenue. Moving forward, to improve the safeguarding of assets, implement a policy for the Senior Financial Coordinator to reconcile the petty cash fund monthly.

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

October 17, 2018

TO: Mr. Randall Rice, CPA
County Auditor-Galveston County

RE: Petty Cash Audit Report -GCSO

Mr. Rice:

I have reviewed the current audit report of the Petty Cash Fund and I am aware of the discrepancy of \$181 (Overage) that is noted in the review. I have discussed the problem with Kay Vickery and we both agree to employ all effort in finding the reason for that inconsistency.

We are always looking for ways to improve our business process and to ascertain that our accounts maintain their integrity. We will continue to implement changes to bring about improvement to any areas that we are lacking in and strengthen those that are not.

We appreciate Jordan and Lily for being so helpful and would gladly accept any ideas that they might have on protecting the soundness of any of our accounts. Kay commented that they were very professional and personable and she enjoyed working with them both.

We will contact your office when we are able to resolve the overage that was discovered during the audit review and will leave it to your discretion whether we need an exit conference.

Respectfully,


Henry Trochesset
Sheriff –Galveston County

To Protect and Serve

601 54TH STREET • SUITE 2100 • GALVESTON, TEXAS 77551 • PHONE: 409-766-2300