

AUDIT REPORT

Dutchess County Petty Cash Accounts
January 1, 2007 – Present

Dutchess County Petty Cash Accounts

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Comptroller's Summary

Background

An audit was conducted to verify the balances of each department's petty cash accounts, the use of funds and petty cash activity. Each petty cash account is established by resolution with funds requested from the Department of Finance. Funds held by the departments are based on the department's current needs and may be less than the authorized amount. Funds are in cash, a checking account or a combination of both. Exhibit I is a listing by department of current funds issued by Finance.

Audit Scope, Objective and Methodology

This audit was conducted from March 4, 2008 to June 10, 2008 during which the total of petty cash funds allocated was \$27,565.00. Funds for most departments were reviewed and verified by performing a cash count, reviewing the checking account activity where appropriate and reconciling the funds to accounting records. Petty cash activity was reviewed by sampling original supporting documentation. Internal controls regarding handling and security of petty cash funds were reviewed.

Summary of Findings

Detail findings by department begin on page 4.

General Findings

- The Dutchess County Petty Cash Voucher was not consistently utilized by departments.
- Some accounts were not reconciled and balanced on a regular basis.
- Some departments did not maintain a separation of duties in the handling of funds and appropriate supervisory oversight.
- Tax exempt certificates were not consistently utilized by departments.

General Recommendations

These recommendations apply for each department where the finding is documented. Recommendations are not repeated in the department detail.

- Use of Dutchess County Petty Cash Vouchers should be implemented to document the authorization and reimbursement of petty cash expenditures.
- Regular and periodic reconciliation of accounts must be done.
- Departments should review and institute a separation of duties and supervisory oversight including review and initialing of bank reconciliations.
- Tax exempt certificates should be utilized for items purchased.

Key Findings

- Processes and Internal Controls must be improved for the District Attorney Investigation and County Attorney Petty Cash Checking Accounts

There were minimal (less than \$1.00 discrepancies) or no exceptions noted with the following department's accounts:

- Aviation
- Real Property Tax
- Youth Bureau
- Auto Center
- Mass Transit

Detailed Findings

Departments with significant findings:

County Attorney

The County Attorney maintains a checking account for petty cash with an authorized amount of \$100.00. Resolution # 414 establishing this Petty Cash Fund was dated June 1976. The checking account statement balance as of 12/31/08 was \$273.55 and a check register balance was \$144.75. This results in the fund exceeding the authorized \$100.00.

Findings

- The overage consisted of the following:
 1. A claim for a check totaling \$44.75 was reimbursed and the department subsequently stopped payment on the check resulting in a \$44.75 overage.
 2. \$128.80 in outstanding checks are stale dated.
- There is no process for handling stale dated checks.
- There is no separation of duties or supervisory review. The account custodian writes and signs the checks, prepares and approves replenishment requests and makes bank deposits. In addition, the custodian is responsible for reconciliation. There was no indication of supervisory oversight.
- The \$100.00 fund can not be exceeded without an amended resolution increasing the authorized amount.

Recommendations

- Return stop payment and stale dated check funds totaling \$173.55 to the Department of Finance.
- Develop and implement a process for handling stale dated checks.
- Separation of duties and supervisory oversight should be implemented for proper internal control.
- Review department needs for a possible increase in petty cash.

As a result of our review the County Attorney's office was reviewing the Petty Cash account processes.

District Attorney's Office

The petty cash fund authorized for the District Attorney's Office is \$5,100.00. The department allocated the funds as follows: \$5,000.00 to a checking account for investigative purposes and \$100.00 as a cash fund for small purchases.

Cash Fund

- The \$100.00 cash fund was reviewed and was found to be in balance.

Findings

Investigative Fund Checking Account

- The department did not follow county procedures for receiving revenues and expending funds.
 1. Selected revenue was deposited in the Investigative Account rather than with the Commissioner of Finance resulting in D.A.'s department revenue underreported.
 2. Expenses were reimbursed from these funds and not reimbursed through the appropriations for the Investigative Account resulting in department expenses understated.
 3. At the time of our on-site reviews, documentation and authorization for some expenditures was not sufficient to support the expenses reimbursed.
- At the time of our initial on-site review, the District Attorney's Investigation Fund checking account balance was \$6,425.58, which exceeded the authorized amount by \$1,425.58. There is no periodic reconciliation of the account.
- The Dutchess County Petty Cash Voucher was not used for authorization and reimbursement of petty cash funds.

Recommendations

- Internal control processes should be implemented to ensure all funds received are deposited with Finance and all expenses disbursed are documented and claimed to Dutchess County appropriations. In addition, a separation of duties and oversight should be implemented.
- The Investigation Fund must be reconciled: The handling of revenues and expenditures for the current year should be corrected utilizing the county procedures for recording and disbursing funds
- The Dutchess County Petty Cash Voucher for the authorization and reimbursement from Petty Cash should be used for disbursements from both the Investigation Fund and the department's cash fund.

As a result of our review the District Attorney's office was developing and implementing procedures for the Petty Cash – Investigative Fund Checking Account.

Department Findings

Aging

The petty cash fund authorized for the Office for the Aging is \$50.00. The fund was counted and found to be in balance.

Findings

- The Dutchess County Petty Cash Voucher is not being used.
- A check made payable to the custodian was endorsed by the department's account clerk.

Recommendation

- Petty Cash checks should be endorsed by the individual whose name appears as payee.

County Clerk

The petty cash fund authorized for the County Clerk is \$6,590.00. The Clerk's office maintains \$2,850.00 and the Department of Motor Vehicles maintains \$3,740.00 among its five offices. Of the total funds, \$6,390.00 is used as change funds for daily cash transactions. The balance of \$200.00 is used as a fund for reimbursement of small purchases such as postage and urgent supply needs. We did not count the change funds as part of this audit, as a more comprehensive review should be done to incorporate daily cash activity to verify the funds. In the past, this is done by the State DMV and also done as part of the County Clerk's department audit.

Finding

- Several reimbursed receipts were noted to include sales tax.

DPW – Buildings, Highway and Parking Divisions

The authorized amount per resolution is \$2,325.00 as follows:

- DPW – Roads \$2,000.00
- DPW-Highway Construction and Maintenance Division \$200.00
- DPW – Parking \$125.00.

Per Finance records, a total of \$1,225.00 in petty cash is issued to DPW – Buildings, Highway and Parking Divisions (amounts are designated to a specific division by finance:

DPW – Buildings Division

The petty cash fund reviewed for the DPW - Buildings totaled \$500.00. The fund balances were \$400.00 in checking and \$100.00 in cash.

DPW – Highway Division

The petty cash fund for the DPW - Highway was reviewed and totaled \$500.00. The fund consists of \$300.00 in checking and \$200.00 in cash.

DPW – Parking

The petty cash fund for the DPW - Parking was reviewed and found to be \$225.00 in cash consisting of four separate funds. Of the four funds the \$100 fund is used to make change for the parking attendants. The remaining three funds are used by the parking attendants to make change for parking customers. Funds totaling \$100.00 and \$40.00 were counted and were in balance. The remaining two funds totaling \$40.00 and \$45.00 were in use in the parking lot and not reviewed.

Findings

- The resolutions authorizing funding were not updated to reflect where the funding is being utilized by Public Work divisions. Buildings was not authorized a petty cash fund. In addition, since the last Petty Cash Audit performed in 2001, \$100.00 was transferred to parking.
- The Dutchess County Petty Cash Voucher is not being used by the Highway Division.

Recommendation

- A resolution should be prepared to properly reflect the authorization of petty cash funds.

DPW – Parks

Finding

The petty cash fund for the DPW – Parks was reviewed with \$135.00 counted at Bowdoin Park. The balance of the authorized fund of \$175.00 is maintained at Wilcox Park. It was indicated by department personnel that the fund at Wilcox Park is \$40.00 but this was not verified.

- The Dutchess County Petty Cash Voucher was not used.

Emergency Response

The petty cash fund authorized for Emergency Response is \$100.00. The fund was reviewed and found to be \$101.90 in cash.

Findings

- The total fund authorized is \$100.00, with the authorized amount exceeded by \$1.90.
- Several reimbursed receipts were noted to include sales tax.

Recommendation

- The next replenishment should be reduced by \$1.90 to bring the fund into balance at the authorized \$100.00 amount.

Finance

The petty cash fund for the Department of Finance is authorized at \$1,000.00 with \$525.00 being issued, per Finance records. The department maintains seven separate funds which were counted and found to total as follows:

Petty Cash for small purchases	\$ 50.00
Tax Collection Fund	50.00
Tax Collection Fund	50.00
Tax Collection Fund	50.00
Tax Collection Fund	50.00
Tax Collection Additional Fund	150.00
Change Fund for Tax Collection	<u>146.49</u>
Total Funds	<u>\$ 546.49</u>

Finding

- All funds were in balance with the exception of the Change Fund for Tax Collection. The change fund had \$21.49 more than the amount of \$125.00 indicated as issued.

Recommendation

- The \$21.49 overage should be remitted.

Health Department

The petty cash fund authorized for the Health Department is \$500.00. The fund was counted and found to be in balance.

Finding

Several reimbursed receipts were noted to include sales tax.

Mental Hygiene

The Department of Mental Hygiene is authorized \$550.00 in petty cash with the funds originally distributed to the DMH Budget & Finance Office (\$250.00), and three Continuing Treatment Centers (\$100.00 each).

Findings

- The Budget & Finance Office fund was counted and found to be in balance.
- The Rhinebeck and Poughkeepsie Continuing Treatment Center funds were transferred to North Road. Funds were counted and found to be in balance. The Millbrook Continuing Treatment Center's funds were also transferred and \$17.10 was counted. A theft reported in 1997 resulted in the shortage in funds. DMH did not replenish these funds.

Recommendation

- The \$82.90 in missing funds should be claimed and replenished to bring the account into balance.

OCIS

The petty cash fund authorized for OCIS is \$100.00. The fund was counted and found to be in balance.

Findings

- The Dutchess County Petty Cash Voucher is not being used by the department.

Personnel

The petty cash fund authorized for the Personnel Department is \$300.00. The fund was counted and found to total \$300.21 in cash.

Findings

- The total fund authorized is \$300.00, with the authorized amount currently exceeded by 21 cents.
- The Dutchess County Petty Cash Voucher was not used for authorization and reimbursement of petty cash funds.
- While the department did not reimburse the sales tax, it was noted on several receipts resulting in the claimant paying the tax.

Recommendation

- The next replenishment should be reduced by 21 cents to bring the fund into balance at the authorized \$300.00 amount.

Planning & Development

The petty cash fund authorized for the Department of Planning and Development is \$50.00. The fund was counted and found to be in balance.

Findings

- One reimbursed receipt was noted to include sales tax.

Probation

The petty cash fund for the Department of Probation is authorized at \$300.00. Probation indicated the fund is primarily used to pay for an E-Z Pass account and reimburse tolls.

Findings

- The total fund authorized is \$300.00; however, the count revealed \$308.74.
- At the time of review, tolls incurred from January through May 7, 2008 were not replenished.
- The E-Z Pass account was not through Central Services/Auto Center as are all other County E-Z Pass accounts.

Recommendations

- The \$8.74 should be deposited with finance to bring the fund into balance.
- All outstanding tolls should be replenished to the Petty Cash Account.
- The department's E-Z Pass account should be closed and a refund requested of any remaining balance. A new account should be established through Central Services/Auto Center.

Sheriff and Jail

The petty cash fund for the Jail is authorized as \$1,500.00. Our reviewed found it to be in balance: \$314.75 in cash, \$790.58 balance in checking and \$394.67 in receipts to be reimbursed.

The petty cash fund authorized for the Sheriff's Office is \$3,000.00. Our review found \$3,010.82 which was comprised of \$53.11 in cash, \$2,656.43 checking account balance and \$301.28 in receipts to be reimbursed. The authorized amount excess of \$10.82 for the Sheriff's Office was a result of interest earned on the account balance which the department indicated is deposited with Finance three or four times a year.

Findings

- There is not a separation of duties: the assigned custodian maintains the cash fund and the checking account. The assigned custodian disburses cash, prepares replenishments, deposits funds, and reconciles funds. The bank accounts are reconciled on a monthly basis by the assigned custodian: however, there is no supervisory oversight indicating review of the account.

Stop DWI

The petty cash fund for the Stop DWI is authorized at \$150.00. The fund was counted and found to be in balance.

Finding

- The Dutchess County Petty Cash Voucher was not used.

Social Services

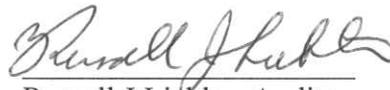
The petty cash fund authorized for the Department of Social Services was \$5,000.00. We counted \$5,013.56: this consisted of \$358.55 in cash, \$2,278.60 checking account balance, \$2,101.41 un-reimbursed receipts and \$225.00 in reimbursement checks to be deposited and an additional cashier cash fund of \$50.00.

Finding

- The authorized amount was over by \$13.56.
- Department personnel indicated the \$50.00 cashier change fund is not used.

Recommendation

- The \$13.56 should be deposited with finance to bring the fund into balance.


Russell J Liebler, Auditor


Doug Lee, Auditor

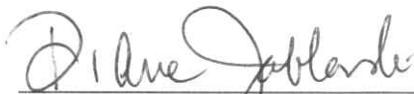

Diane Jablonski, Comptroller

Exhibit 1

Department Petty Cash Balances

Based on the Department of Finance's records, the following is a listing by department of the established petty cash balances:

Aging	\$ 50.00
Auto Center	50.00
Aviation	600.00
County Attorney	100.00
County Clerk	6,590.00
District Attorney	5,100.00
DPW – Buildings	100.00
DPW – Highway	1,000.00
DPW – Parking	125.00
DPW – Parks	175.00
DWI	150.00
Emergency Response	100.00
Finance	525.00
Health	500.00
Jail	1,500.00
Mass Transit	500.00
Mental Hygiene	550.00
OCIS	100.00
Personnel	300.00
Planning	50.00
Probation	350.00
Real Property Tax	50.00
Sheriff	3,000.00
Social Services	5,000.00
Youth Bureau	<u>1,000.00</u>
Total	\$27,565.00