



City of

ALBUQUERQUE

Office of Internal Audit

STRATEGIC REVIEW

19-401

PARKS & RECREATION

DEPARTMENT

OPEN SPACE

ADMINISTRATIVE OFFICE

PETTY CASH COUNT

DECEMBER 12, 2018

EXECUTIVE SUMMARY

On November 1, 2018, the Office of Internal Audit (OIA) performed a surprise cash count of the petty cash fund maintained by the Parks & Recreation Department's (PRD) Open Space Administrative Office (Open Space). The petty cash fund was unaccounted for and has been missing since the previous petty cash custodian terminated employment with the City of Albuquerque on December 29, 2016. Open Space did not comply with city regulations and did not notify the PRD director, Treasury Department, or the OIA at the time of the funds disappearance.

Management stated that Open Space was planning to follow-up on the issue but unintentionally overlooked the issue and is currently in the process of reporting the missing funds. The petty cash fund has been unaccounted for since December 2016 and there has not been a need to replenish petty cash since that time. As a result, Open Space may no longer require a petty cash fund.

INTRODUCTION

On November 1, 2018, OIA performed a surprise cash count of the \$100 petty cash fund maintained by Open Space.

Fund Type	Amount	Fund Location
Petty Cash	\$ 100	PRD Open Space Administrative Office

Petty cash funds are defined in the City's *Cash Management Manual* and are established to enable departments to make small, emergency purchases where a purchase order is not cost effective or a purchasing card cannot be used.

OBJECTIVES

The objectives of the surprise cash count were to determine:

- Is the *petty cash fund* entrusted to the custodian/sub-custodian(s) accounted for and reconciled to approved fund amount?
- Do *petty cash fund* practices and procedures comply with the City's *Cash Management Manual* and applicable Administrative Instructions?
- Are procedures for securing cash adequate?

RESULTS

Establishing and monitoring the effectiveness of internal controls is the responsibility of Open Space management. The following issues concern areas that OIA believes could be improved by the implementation of the related recommendations.

Petty Cash Compliance

Open Space's current petty cash practices do not comply with the City's *Cash Management Manual*. When OIA arrived at the Open Space Administrative Office on November 1, 2018 the Senior Administrative Assistant informed the auditors that there had not been a petty cash fund at that location since her hire date on July 8, 2017. The petty cash funds, logs, and supporting receipts have been missing and unaccounted for since the departure of the previous cash custodian in December 2016.

Open Space did not comply with city regulations and did not notify the PRD director, Treasury Department, or OIA at the time of the fund's disappearance. Management stated that Open Space was planning to follow-up on the issue but unintentionally overlooked the issue and is currently in the process of reporting the missing funds. The petty cash fund has been unaccounted for since December 2016 and there has not been a need to replenish petty cash since that time. As a result, Open Space may no longer require a petty cash fund.

The City's *Cash Management Manual* requires that the immediate supervisor, Department Director, Treasury Division, and the OIA be notified of missing funds within 48 hours of the fund's disappearance.

The City's *Administrative Instruction (AI) No. 2-4, Mysterious Disappearance of City Monies Resulting from Burglary, Loss, Theft, and/or Employee Dishonesty, Fraud, Including Currency, Forged Checks and/or Cash Imprest Funds*, states that the Albuquerque Police Department (APD) should be notified, an Offense and Incident Report should be requested, and a summary statement should be provided to APD. It also requires that the Department Director, Treasury Division, and the Office of Inspector General be notified. Any discrepancy involving shortages of \$50 or more requires direct notification of the Treasury Division and a formal written notification to the Chief Administrative Officer and other oversight departments. Fiscal managers are required to ensure the proper accounting is completed in the general ledger for all missing monies. City employees found to be in violation of AI No. 2-4 may be subject to disciplinary action pursuant to the City's Personnel Rules and Regulations.

Recommendation

Open Space should follow the procedures listed in the Administrative Instructions No. 2-4 and work with the Treasury Division to close out the petty cash fund.

NON-AUDIT SERVICE COMMUNICATION

Generally Accepted Government Auditing Standards, as prescribed in *Government Auditing Standards, 2011 Revision (GAS 2011)* defines non-audit services as "professional services other than audits or attestation engagements." Strategic Reviews initiated by OIA are non-audit service projects that are designed to add value by providing rapid responses to urgent City issues or ensure compliance in high risk areas. *GAS 2011* does not expressly address or establish standards for non-audit services.

Surprise cash counts are Strategic Review projects and the work performed does not constitute an audit conducted in accordance with GAGAS. Throughout each fiscal year, OIA objectively selects various petty cash or change funds to review. The Parks & Recreation Department Open Space Administrative Office was selected in fiscal year 2019.

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