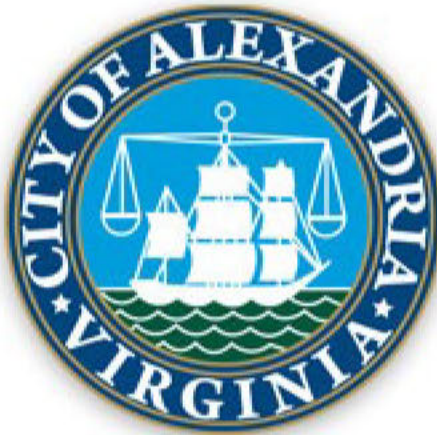


CITY-WIDE CASH HANDLING AUDIT (AR26-01)



This report contains redactions involving
proprietary systems and internal control
or physical security measures.



Executive Summary City-Wide Cash Handling Audit (AR26-01)

Background:

The Office of Internal Audit (OIA) includes the cash collection and disbursement program as part of our rotational audit plan. Our last City-wide audit of this type conducted in FY24 and in FY25 we focused only on a closeout count of the Treasury Division. Cyber security elements are included in all of our audit projects. For this audit, we requested departments reconcile access rosters for their Point of Sales (POS) systems to a report of terminated employees generated by the Information and Technology Services Department. We continue to include physical security components in our engagement plan.

Conclusions:

Our audit indicated that the program continues to operate as intended. The number of overall audit findings continues to remain low. We identified five (5) findings which were generally immaterial in nature. We noted that the overall amount of funds that have been deployed to support petty cash and change funds remains steady due to new Commonwealth requirements for increased jury member payments as well as the establishment of the West End Service Center (WESC).

For the fifth consecutive time the expanded closeout count of the Treasury Division was completed satisfactorily. All funds received by the Treasury Division were deposited intact into the City's bank account. No discrepancies were noted while tracing transactions from the Treasury POS system to the City's ERP system and then the individual accounts receivable systems. We made no physical security recommendations during this engagement.

Recommendations: The Office of Internal Audit made the following recommendations:

- **Two (2) departments were to review and reconcile their petty cash funds due to overdue receipts.**
- **Two (2) departments were required to complete a journal voucher due to overages.**
- **One (1) department was required to review access rosters due to former employees possibly retaining access to POS systems.**

Departmental Response: As a result of the audit all departments submitted responses and the recommendations are considered closed.

City-wide Cash Handling Audit

AR 26-01



This Audit Report has been approved for release and has been transmitted to the individuals listed below.

Original Signed

Robert Snyder
Chief Internal Auditor

Report Distribution:

Jim Parajon	City Manager
Emily Baker	Deputy City Manager
Jane Christenson	Deputy City Manager
Yon Lambert	Deputy City Manager
Alethea Predeoux	Deputy City Manager
Kevin Greenleaf	Director of Finance

CITY- WIDE CASH HANDLING AUDIT
AR 26-01
Table of Contents

	Page Number
Background	1
Objective, Scope, and Methodology	1
Findings	2
A. Results of Petty Cash Audit	2
B. Transition from Petty Cash to Employee Reimbursement Module	2
C. Update of Policies and Procedures	3
D. Point of Sales System	3
E. Physical Security	3
Close-Out Count Of Finance Department	3
A. Verification of Daily Transaction Totals	3
B. Verification of Transactions to the [REDACTED] ERP System	4
C. Verification of Transactions to Accounts Receivable Systems	4
Conclusions	4
Recommendations	4
Departmental Responses	5

BACKGROUND

The Office of Internal Audit (OIA) executes an audit work plan based on the [City Council's Priorities](#). The City Manager has also created a priority objective of streamlining policies and procedures which align with this engagement. The governing documents for the petty cash program are Administrative Regulation (A.R.) 4-3 Petty Cash Fund Procedures (October 1, 1991), and A.R. 4-8 Collection and Deposit of City Monies (September 10, 2020) which were issued by the Finance Department. Petty cash funds are primarily used to reimburse staff members for making small purchases under \$30.00. The term petty cash fund also refers to "change funds" used for making change at the City's cash collection sites. One clear requirement is that funds used for making change cannot be used for petty cash purposes.

The overall number of funds declined from 41 in FY18 to 33 in FY26. The total amount of cash on hand increased due to two (2) factors, 1) the establishment of the West End Service Center (WESC), and 2) the mandate from the Commonwealth of Virginia to increase payments to jurors for jury duty. Table 1 below shows the status of our prior audits of the petty cash program.

Table 1 Summary of Petty Cash Program and Audit Findings

Fiscal Year	Total Departments	Total Funds	Total Fund Balance	Total Audit Findings	Notes
FY2018				23	
FY2020				13	
FY2022				9	
FY2024				9	
FY2026				5	<ul style="list-style-type: none">• Establishment of WESC• Increased Jury Pay

OBJECTIVE, SCOPE, AND METHODOLOGY

OIA conducted an audit of all City Petty Cash and Change funds from June 24, 2025, to July 11, 2025. To increase the effectiveness of our audits we have added questions related to physical security and Point of Sales (POS) systems access controls. We also analyzed the usage and amounts of the various petty cash fund accounts to ascertain if the funds are at the proper amounts.

Our audit was focused on the petty cash program, and we will not provide an opinion on the compliance or effectiveness with other City programs, policies, or procedures. This year OIA audited all petty cash and change funds with the primary intent to ensure the existence of the funds.

FINDINGS

I. RESULTS OF PETTY CASH AUDIT

A. Results of Petty Cash Audit

Our audit indicated that for the most part the program is operating as intended. We were able to count all funds within a 14-day period. We noted two (2) funds which had receipts over 30 days old, two (2) departments with overages and one (1) department with personnel on both the termination and active POS access lists. Interviews with petty cash custodians indicated that overall use remains low, but the program is still needed.

B. Transition from Petty Cash to Employee Reimbursement Module

One of the factors that has contributed to the decline in use of petty cash has been the [REDACTED] Employee-Reimbursement Module which was installed in July 2018. This module would allow for employees to be reimbursed through their paychecks for funds that were previously paid to them using the Accounts Payable (A/P) process. Since then, the amount of petty cash usage has been declining and took a steep downturn during the COVID pandemic. Table 1 below shows the comparison to the amount of petty cash reimbursed compared to the amounts reimbursed through the module.

Table 2 Comparison of Reimbursement Modes

Reimbursement Mode	FY 2021	FY 2023	FY 2025
Petty Cash Reimbursement	\$1,498	\$5,271	\$3,101.32
Employee Reimbursement Module*	\$39,248	\$277,889**	\$305,270.59
* Reimbursement computation based on Claim Entry Date and Actual Settlement amount of disbursement.			
** This amount includes only the charges classified as Reimbursed/Closed			

We reviewed the records of the petty cash control accounts in the [REDACTED] system which indicated that \$3,101.32 had been reimbursed for all of FY 2025. Our review of expenditures reimbursed through the Employee Reimbursement Module showed steady increasing use and most of the expenditures made using petty cash could also make use of this system. However, use of this system will create delays due to the procedures required and we assess that the remaining departments with petty cash have a need for prompt reimbursement of small expenses.

C. Update of Policies and Procedures

The controlling regulations for the petty cash program are A.R. 4-3 Petty Cash Fund Procedures (October 1, 1991) and A.R. 4-8 Collection and Deposit of City Monies (September 10, 2020)¹. OIA has requested that these regulations be updated during other audits. Due to resourcing issues the Finance Department has not been able to update these policies. OIA will support the department and assist as needed until policy revisions can be made.

D. Point of Sales System

As part of our audit, we wanted to test if departments were maintaining up to date access rosters for their POS systems. Inaccurate access rosters present risk because if terminated employees retain their access rights, they may still be able to complete fraudulent or illegitimate transactions. The Information and Technology Services (ITS) Department deactivates access to the main City network, but many software systems are accessible from other locations. As part of this engagement all departments with POS systems were provided with rosters of employees who had left City service. Departments then attested that the user access for these employees had been terminated. Finance and OHA had no discrepancies while RPCA had two (2) employees listed on their POS access roster which had left City employment. **OIA recommended that RPCA update their access rosters.**

E. Physical Security

Physical security is defined as the part of security concerned with physical measures designed to safeguard personnel; to prevent unauthorized access to equipment, installations, material, and documents; and to safeguard against espionage, sabotage, damage, and theft². We reviewed the physical security measures employed by departments. All appeared to employ physical security measures that were reasonable based on the type of building structure and amount of funds on hand. **OIA does not recommend any changes to the overall Physical Security program at this time.**

II. CLOSE-OUT COUNT OF FINANCE DEPARTMENT

A. Verification of Daily Transaction Totals

On the day of the audit, a review of the Treasury Divisions POS system's end of day report indicated a total of [REDACTED] worth of transactions had been processed. The cash, check or money order, and credit card totals amounted to [REDACTED]. This amount was compared to records received by the City's bank account and verified with no discrepancies. The remaining amount of [REDACTED] consists of what is termed "specials" which are transactions that are processed by the POS system to record them into the City's financial system. All cash, check, and money order payments were deposited intact in the following days. **All cash, check, and money order payments were deposited intact on July 1, 2025.**

¹ AR4-8 published to AlexNet says September 10, 2020, however document contains language from 2010.

² Physical Security Definition Department of the Army FM. 3-19.30

B. Verification of Transactions to the [REDACTED] ERP System

To ensure all transactions that occurred on June 30, 2025, were reflected in the financial system, we developed a sample based on over 90% of all transactions processed that day. **We identified no discrepancies when we traced these transactions back to the financial system using their respective [REDACTED] object code.**

C. Verification of Transactions to Accounts Receivable Systems

The City has deployed various Accounts Receivable (A/R) systems to accurately record the status of real estate, personal property, business personal property, business license, parking citations, and RPCA payments. We requested copies of payments made through the respective A/R systems as well as supporting records to ensure that the individual accounts were updated.

For those object codes which did not have an A/R system, we requested records from the respective department. **We identified no discrepancies between the Treasury Divisions POS Transaction report and the requested records from the departments.**

CONCLUSIONS

Our audit indicated that the petty cash program is generally operating as intended. A total of five (5) audit findings were identified. We determined that the number of departments with petty cash and change funds appears reasonable and our continued campaign to reduce and eliminate petty cash funds has reached its conclusion. Changes to requirements for jury payments and WESC have required the City to increase the total amount of cash deployed but these were operational decisions. **OIA does not recommend any changes to the overall program at this time.**

RECOMMENDATIONS

The Office of Internal Audit made the following recommendations:

- Two (2) departments, Planning & Zoning and DCHS, were to review and reconcile their petty cash funds due to overdue receipts.
- Two (2) departments, Planning & Zoning and West End Finance, were required to complete a journal voucher due to overages.
- One (1) department, RPCA, was required to review access rosters due to former employees possibly retaining access to POS systems.

DEPARTMENTAL RESPONSE

Departments with findings and recommendations were required to provide a written response. (See Page 5 for departmental response memos). Please contact our office at internalaudit@alexandriava.gov or 703.746.4742 if you have any questions.

City of Alexandria, Virginia

MEMORANDUM

DATE: DECEMBER 2, 2025

TO: ROBERT SNYDER, CHIEF INTERNAL AUDITOR

FROM: [REDACTED], ASSISTANT DIRECTOR
FOR [REDACTED], DIRECTOR for [REDACTED]
DEPARTMENT OF PLANNING AND ZONING

SUBJECT: DEPARTMENT OF PLANNING AND ZONING RESPONSE TO CITY-WIDE
CASH AUDIT (AR26-01.03)

This memorandum has been prepared to update our department/office's response to the Office of Internal Audit (OIA)'s recommendations.

Finding 1: RECEIPTS OVER 30 DAYS OLD

On the day of the audit, we found that Planning & Zoning's petty cash fund contained receipts which were over 30 days old in the amount of \$18.00. Per Administrative Regulation A.R. 4-3 Petty Cash Fund Procedures §IV. (A). (4) *"The supporting documentation must not be more than 30 days old and must be for the current fiscal year."* Per §V.(A) *"To ensure that expenditures are promptly recorded, petty cash funds will be replenished at the end of each month, or more often if necessary."*

1. Require their petty cash custodian to review the requirements of [A.R. 4-4 Petty Cash Fund Procedures](#).

[REDACTED] is currently serving as P&Z's Petty Cash Custodian. I am supervising [REDACTED] [REDACTED] will be requested to review in detail A.R. 4-3 Petty Cash Fund Procedure. I have already per your notice to P&Z taken the time to fully review the administrative regulation. Additionally, P&Z plans to hire a new Administrative Services Manager who will be responsible for overseeing staff assigned to Petty Cash, and P&Z will require that supervisor to review in detail the applicable administrative regulation as well.

Chief Internal City Auditor Robert Snyder, as you and I discussed in a phone call of today -- December 2 -- the problem of the \$18 referenced above in your notice to P&Z was brought to my attention approximately two weeks ago. As the Assistant Director in P&Z, I followed up with [REDACTED] on a memorandum she had drafted for Accounting to try to resolve the matter. Also, at that time, I brought the matter to the attention of P&Z Director [REDACTED]. [REDACTED] agreed that I should finalize the memorandum, sign it on behalf of P&Z and send it to Accounting. The memorandum to Accounting is dated November 25 and I have attached a copy of it to this form. It requests that the voucher for \$18 be redeemed in order to make

P&Z's Petty Cash lockbox whole. P&Z copied [REDACTED] in your office on the memorandum as he was the person who apparently identified this issue sometime ago for P&Z. We are awaiting a response from Accounting to the memorandum, but please be assured that this matter will be tracked for resolution as quickly as possible and any other future discrepancies and transactions under Petty Cash will be handled in strict alignment with the administrative regulation and with the designated timelines.

In the meantime, as you suggested, in my transmittal email to you with this completed form, I am copying P&Z Director [REDACTED], Finance Director [REDACTED], Administrative Analyst [REDACTED], Accountant [REDACTED] and Administrative Analyst [REDACTED] and indicating that, per the attached memorandum dated November 25, 2025 to [REDACTED] and [REDACTED], P&Z is seeking to resolve this matter and we hope that if the voucher cannot be redeemed that P&Z can be authorized to transfer the \$18 from P&Z's FY 2026 Budget to Finance to make our Petty Cash Lockbox whole.

UPDATE RESPONSE

Finding 2: ACCOUNT WITH AN OVERAGE

On the day of the audit, we found that Planning & Zoning's petty cash fund contained an overage of \$0.45. We deposited the overage into the miscellaneous revenue account at the Treasury Division.

Please be advised that P&Z's Petty Cash Custodian will be sure to count the funds closely and ensure that all receipts, funds and vouchers balance to the cent.

Please contact **UPDATE POINT OF CONTACT:** [REDACTED], Assistant Director, P&Z (Please feel free to copy P&Z Director [REDACTED] and Administrative Analyst [REDACTED]). Once P&Z has a new Administrative Services Manager, we will share that name as well. For this Audit matter any questions anyone might have can be directed to me.

City of Alexandria, Virginia

MEMORANDUM

DATE: 12/29/2025

TO: ROBERT SNYDER, CHIEF INTERNAL AUDITOR

FROM: HASHIM TAYLOR, DIRECTOR, DEPARTMENT OF RECREATION,
PARKS, AND CULTURAL ACTIVITIES *Hashim T. Taylor*

SUBJECT: DEPARTMENT OF RECREATION, PARKS AND CULTURAL ACTIVITIES
RESPONSE TO CITY-WIDE CASH AUDIT (AR26-01.04)

This memo has been prepared to update our department/office's response to the Office of Internal Audit (OIA)'s recommendations.

- 1. We recommend that RPCA periodically conduct reconciliations of the RecTrac roster to ensure that terminated personnel do not have access to the POS system.**

When an employee leaves the City, the supervisor sends an email requesting that access to the POS system be removed. We review the Rec Trac users roster once a quarter to ensure that terminated personnel do not have access to the POS system.

City of Alexandria, Virginia

MEMORANDUM

DATE: DECEMBER 1, 2025

TO: ROBERT SNYDER, CHIEF INTERNAL AUDITOR

FROM: KATE GARVEY, DIRECTOR, DEPARTMENT OF COMMUNITY AND
HUMAN SERVICES

SUBJECT: DEPARTMENT RESPONSE – CITY-WIDE CASH AUDIT (AR26-01.06)

This memo has been prepared to provide the Department of Community and Human Services' (DCHS) response to the Office of Internal Audit (OIA)'s recommendations in Audit Report AR26-01.06.

Recommendation: Contact the Accounting Division to request a journal voucher to properly close petty cash accounts 101238 and 101241.

Response: These accounts were previously closed, and a journal voucher (JV) had already been submitted to Accounting (attached), with Internal Audit copied on the original communication. DCHS has resubmitted the JV documentation to Accounting to ensure the accounts are formally cleared from the balance sheet.

Recommendation: Ensure the petty cash custodian reconciles the petty cash fund every 30 days or less.

Response: The outstanding receipt identified during the audit was reconciled on the same day. The delay occurred because the custodian was relatively new and had been out of the office for an extended period. To prevent recurrence, DCHS has reinforced the 30-day requirement and implemented process improvements, including monthly reminders and monthly fiscal verification.

Please let us know if additional information is needed and if you have any questions regarding these items, please contact [REDACTED].