

# City of Alexandria, Virginia

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## MEMORANDUM

**DATE:** JULY 30, 2018

**TO:** KENDEL TAYLOR, DIRECTOR OF FINANCE

**FROM:** ROBERT SNYDER, ACTING CHIEF INTERNAL AUDITOR 

**SUBJECT:** RECONCILIATION OF PETTY CASH CUSTODIANS TO TERMINATED EMPLOYEE REPORT (MR19-01)

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### Background

As part of our FY2018 Audit Program, the Office of Internal Audit conducted an audit of petty cash. One of the audit objectives was to compare the current condition of the petty cash funds to the previous petty cash audit undertaken in FY2015. Although the most recent audit indicated fewer deficiencies than the FY2015 audit, one finding indicated that seven (7) petty cash funds did not have a current *Petty Cash Change of Custodian or Alternate Form* on file. The *Petty Cash Change of Custodian or Alternate Form* is a key control as it affixes responsibility for the fund to a specific employee. Employee turnover was the primary reason for this finding.

### Purpose, Scope, and Methodology

To address the concern of employee turnover, a reconciliation of the petty cash custodians was undertaken in June of 2018. We compared the balance sheet report from MUNIS, which lists the names of the petty cash funds, with our list of petty cash custodians and the *Termination List*.

### Findings, Conclusion, and Recommendations

From our reconciliation we have identified the following:

- No employees listed on the *Termination List* were current petty cash custodians
- The Office of Historic Alexandria (OHA) closed its Alexandria Museum Store located inside the Hilton Hotel in December 2017 and established a new location at the Freedom House. This change was not reflected in MUNIS and required submission of updated documentation to the Accounting Division.
- The Office of Internal Audit is not receiving the updated *Petty Cash Change of Custodian or Alternate Form* from the departments

## **Conclusion**

Based on the fact that no petty cash custodians appeared on the *Termination List*, it appears that departments generally are notifying the Accounting Division when an employee is terminated, retires, voluntarily resigns, or is transferred. This is important because the prior audit indicated an increase in the number of funds that did not have a current *Petty Cash Change of Custodian or Alternate Form* on file with the Accounting Division. Should a shortage or loss occur in a fund without a designated custodian, the ability to directly assign responsibility would be impacted.

The closing and subsequent transfer of funds between the Alexandria Museum Store and the Freedom House appears to be an aberration. The number of accounts that have changed location in the past two (2) audits stretching over multiple years was minimal. The department has submitted documentation to the Accounting Division in order to update the MUNIS system.

The Office of Internal Audit routinely analyzes personnel that are terminated, retire, voluntarily resign, or are transferred. In addition, based on limited staffing it may be some time before an audit of petty cash is undertaken. By submitting the *Petty Cash Change of Custodian or Alternate Forms* to the Office of Internal Audit, the Finance Department can assist with situational awareness and general understanding of the petty cash program.

## **Recommendations**

Based on the audit findings, the only recommendation is that the Accounting Division forward any *Petty Cash Change of Custodian or Alternate Forms* to the Office of Internal Audit.

## **Departmental Response**

Due to the nature and prompt corrective actions already implemented a formal written response is not required.

Should you have any questions please contact me at 703.746.4742 or [robert.snyder@alexandriava.gov](mailto:robert.snyder@alexandriava.gov)

Cc. Laura B. Triggs, Deputy City Manager