Petty Cash Count Final Report
Fraud Deterrent Activity
Finance Division

March 10, 2015

Internal Audit Service Center

City of Memphis
TENNESSEE

A C WHARTON, JR. - Mayor
GEORGE M. LITTLE - Chief Administrative Officer

EXECUTIVE DIVISION
Internal Audit Service Center
LEON PATTMAN, CIA, CISA, CRMA, CMFO
City Auditor

March 10, 2015

Brian Collins, Director
Finance Services Division
125 N. Main, Room 368
Memphis, TN 38103

Director Collins:

We performed random and unannounced petty cash counts for 19 service centers within the City of Memphis as part of our ongoing fraud deterrent activities. Our objectives were to send the message to employees that the City will remain vigilant against fraud, increase awareness for strict accountability for the City's cash entrusted to petty cash custodians, and to verify that cash on-hand and receipted expenditures agreed to the authorized fund amount for selected service centers.

The table on the attached pages summarizes the results. The highlighted service centers had some type of discrepancy. We noted two instances where the custodian did not have all the cash and/or receipts necessary to agree to the authorized amount. In one instance, the custodian stated that receipts were lost for the missing cash and the other instance the custodian subsequently located the missing cash and stated that the cash had been co-mingled with other money. In both instances, we discussed the matter with senior level management and management agreed to address the discrepancies which included appropriate disciplinary action.

Our observations also revealed that the petty cash account balances in Oracle did not always agree with the amounts listed on the petty cash authorization forms. There were missing authorization forms and account termination documents; and generally recordkeeping needed improvement.

We recommend that each division review the appropriate statement for their service centers and submit to the Accounts Payable (AP) Service Center the forms to correct errors in authorized amounts and/or properly terminate unused accounts. AP should make sure the forms are processed and retained properly.

Our cash counts may not necessarily disclose all weaknesses related to internal controls over the petty cash funds. Additionally, the procedures performed during our fraud deterrent activities do not constitute an audit under government auditing standards. We appreciate the cooperation of management and staff during our review. If we can be of further assistance, please advise.

Sincerely,

Catrina McCollum

Catrina McCollum, CFE, CICA, CMFO
Project Manager

APPROVED:

Leon Pattman dp

Leon Pattman, CIA, CISA, CRMA, CMFO
City Auditor

Attachment

c: A C Wharton, Jr., Mayor
Edmond Ford, Jr., Council Audit Committee Chairman
George Little, Chief Administrative Officer
Division Directors
Shirley Ford, City Comptroller
Yolanda Alexander, Deputy Comptroller, Accounts Payable

Table - Summary of Cash Counts

	CASH COUNT DATE	DIVISION	SERVICE CENTER	* PETTY CASH AUTHORIZED AMOUNT	**OVER/(SHORT)	*** GL BALANCE	COMMENTS
1	1/28/2015	Executive	Mayor	$300.00	$0.00	$672.55	General ledger does not match the petty cash authorization form -- correct GL balance.
2	1/28/2015	Law	City Attorney	None	N/A	$700.00	• No petty cash fund. • No close fund form completed. • Need to remove from GL balance.
3	1/28/2015	Legislative	Council	$300.00	$0.00	$300.00	No action needed
4	1/28/2015	Public Works	Code Enforcement	None	N/A	$2,700.00	• No petty cash fund. • No close fund form completed. • Need to remove from GL balance.
5	1/28/2015	City Engineer	Civil Design & Administration	$400.00	($0.09)	$400.00	No action needed
6	1/28/2015	Finance	Budget Office	$200.00	$0.00	$563.41	General ledger does not match the petty cash authorization form -- correct GL balance.
7	1/29/2015	HCD	Community Initiatives	$250.00	$0.00	$29.23	General ledger does not match the petty cash authorization form -- correct GL balance.
8	1/30/2015	Parks/Neighborhood	Libraries	$500.00	$0.00	$500.00	No action needed

* Authorization letter/custodian statement when no letter found.
** Authorized amount less cash plus receipts on hand.
*** General ledger (GL) balance taken from Oracle.

Table - Summary of Cash Counts

	CASH COUNT DATE	DIVISION	SERVICE CENTER	* PETTY CASH AUTHORIZED AMOUNT	**OVER/(SHORT)	*** GL BALANCE	COMMENTS
9	2/2/2015	Fire	Fire Services Administration	$2,500.00	$0.00	$2,500.00	No action needed
10	2/2/2015	Executive	Chief Administrative Office	$300.00	$0.00	$300.00	No action needed
11	2/2/2015	Human Resources	Office of Talent and Development	$600.00	$0.00	$2,894.50	General ledger does not match the petty cash authorization form -- correct GL balance.
12	2/3/2015	Police	Exec./Admin.-Police Services	$5,475.00	$0.00	$5,475.00	No action needed
13	2/4/2015	Parks/Neighborhood	Museum	$500.00	($71.00)	$500.00	Petty cash custodian did not have all the cash and/or receipts to agree to the authorized amount.
14	2/5/2015	Public Works	Administration	$150.00	$0.00	$150.00	No action needed
15	2/5/2015	Parks/Neighborhood	Animal Shelter	$500.00	($100.08)	$500.00	Petty cash custodian did not have all the cash and/or receipts to agree to the authorized amount.
16	2/5/2015	Parks/Neighborhood	Recreation Services	$500.00	$0.00	$500.00	No action needed
17	2/6/2015	Finance	Purchasing	$200.00	$0.00	$400.00	General ledger does not match the petty cash authorization form -- correct GL balance.
18	2/9/2015	General Services	Operation City Hall	$200.00	$0.00	$200.00	No action needed

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Table - Summary of Cash Counts

	CASH COUNT DATE	DIVISION	SERVICE CENTER	* PETTY CASH AUTHORIZED AMOUNT	**OVER/(SHORT)	*** GL BALANCE	COMMENTS
19	2/9/2015	Human Resources	Employee Special Services	None	N/A	$300.00	• Department no longer exist. • Need to remove from GL balance.

Note: Highlighted items represent Service Centers that require attention.

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** Authorized amount less cash plus receipts on hand.
*** General ledger (GL) balance taken from Oracle.