

CITY OF ALLENTOWN

PETTY CASH COUNT

LAW

10/22/2020

Date of Report: October 28, 2020

The mission of Law is to provide a comprehensive range of legal services to the Mayor, City Council, City Controller, and all City Departments, Bureaus, and Commissions in an effective manner, through which the goals and objectives of the aforementioned City policy makers and services can be achieved.

OBJECTIVE

The audit objectives were:

1. To perform a surprise count of the petty cash maintained by Law.
2. To ensure the funds and supporting documentation were present and properly reported.
3. To determine the existing policies and procedures including AIMs were being followed and whether internal controls were adequate to ensure that all cash is collected, accurately recorded, safeguarded and deposited.
4. To evaluate the reasonableness of the amount of the funds.
5. To identify any potential internal control weaknesses including but not limited to the physical security of the funds.

PROCEDURES

This audit was conducted in accordance with generally accepted governmental auditing standards and utilized an approach that included cash counts, staff interviews, reviews of documents and reports, and examinations of individual financial transactions.

Our process began by counting the petty cash funds while being observed by Law personnel. The physical counts were compared to the prescribed system totals. Any discrepancies between the prescribed totals and the physical count were validated with Law personnel.

Thru discussion and observation we completed the Internal Control Questionnaire and identified potential internal control weaknesses.

FINDINGS, RECOMMENDATIONS AND RESPONSES

CASH COUNT: OVERAGES/SHORTAGES

Based on the review performed, controls appear adequate and no exceptions were noted.

INTERNAL CONTROL WEAKNESSES

1. Petty Cash Replenishment Not Done Since 2016

To ensure expenses are properly recorded in the General Ledger, petty cash replenishment should be done periodically and at least at year end.

We identified 3 petty cash receipts from 2016 and 2017 which had not been submitted for replenishment and therefore the expense had not been booked.

Recommendation

Petty Cash should be replenished at least quarterly to ensure expenses are properly recorded.

Administration's Response

By way of explanation, the count of the Solicitor's Office Petty Cash box on October 22, 2020 was not observed by Law Office personnel.

In addition, a water pipe in the Solicitor's Office burst in August 2017. The Solicitor's Office sustained heavy water damage. The Solicitor's Petty Cash Box was relocated to the vault in the Treasury Department at the time for safekeeping because City employees and outside contractors were coming in and out of the office making flood damage repairs for a considerable time. The personnel in the Solicitor's Office have not had contact with or access to the Law Petty Cash box since August 2017.

Please See Administration's Response to Recommendation #2 below.

2. Petty Cash Fund Balance Decrease

With the advent of P-Cards, petty cash is not used as frequently as it was used in the past. The last petty cash replenishment requested was made on 10/20/2016 and the last petty cash reimbursement is dated 06/16/2017. Per Administration the Petty Cash fund has not been touched since at least 2018.

Recommendation

Consideration should be given to decreasing or eliminating the Law petty cash fund.

Administration's Response

The Solicitor's Offices agrees to eliminate the Law Petty Cash Fund and to use its P-Card when necessary.