

GALVESTON COUNTY



Office of County Auditor

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April 17, 2023

Honorable Mark A. Henry, County Judge, and
Members of the Commissioners Court
722 Moody Avenue
Galveston, Texas 77550

Honorable Mark A. Henry and Members of the Court:

Attached to be received and filed is the internal audit report of the Sheriff's Office Petty Cash Fund audit. The audit covered the period March 1, 2021 through February 28, 2023. Also attached is the response letter from Honorable Henry Trochesset, dated April 10, 2023.

Sincerely,

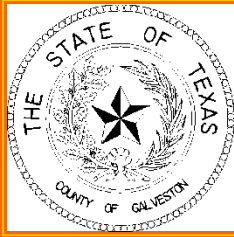
Randall Rice CPA

Digitally signed by Rice, Randall
Date: 2023.04.11 09:54:25 -05'00'

Randall Rice CPA
County Auditor

cc: Honorable Henry Trochesset

Attachments: Sheriff's Office Petty Cash Fund Audit Report
Response Letter, Honorable Henry Trochesset



Galveston County Sheriff's Office Petty Cash Fund Audit

March 20, 2023

Galveston County
Internal Audit Division

Randall Rice CPA
CITP CISA CIO CBM DABFA CGMA
County Auditor

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Executive Summary

Reliability and Integrity of Information (page 3)

- A copy of the manual receipt should be attached to the purchase request as support documentation.
- The Senior Financial Coordinator should maintain an accurate transaction log.

Safeguarding of Assets (page 4)

- All petty cash funds were accounted for at the time of the surprise cash count.
- The \$180.36 overage in petty cash fund should be returned to the County Treasurer to be deposited as miscellaneous revenue. *This was a previous finding.*

Introduction

The Internal Audit Division conducted an internal audit of the Galveston County Sheriff's Office petty cash fund in accordance with Local Government Code §115. The internal audit covered the period March 1, 2022 through February 28, 2023. The audit was performed from March 1, 2023 through March 17, 2023.

The primary objectives of the internal audit are to provide reasonable assurance concerning:

- Reliability and integrity of the information.
- Safeguarding of assets.

The scope of the internal audit encompassed the financial records and administrative procedures related to the Galveston County Sheriff's Office petty cash fund. The internal audit included, but was not limited to, the books, accounts, reports and records of the Sheriff's Office petty cash fund.

The internal audit included examining transactions on a test basis, and required exercising judgment in the selection of such tests. As the internal audit was not a detailed examination of all transactions, there is a risk that errors or fraud were not detected during the internal audit. The official therefore retains the responsibility for the accuracy and completeness of the financial information.

Because of certain statutory duties required of the County Auditor, we are not independent with regard to the Galveston County Sheriff's Office as defined by the AICPA professional standards. However, our internal audit was performed with objectivity and due professional care.

Jessica Gaul, Internal Auditor, performed the audit.

Reliability and Integrity of Information

Reliable information is accurate, timely, complete and useful. In order to achieve this, controls over recordkeeping and reporting must be adequate and effective.

Manual Receipts

A county issued manual receipt is issued for each transaction involving the petty cash fund. The receipts should contain the signatures of both the issuer and the recipient of the petty cash distribution. An explanation for the transaction should be provided on the receipt.

Purchase Orders

A purchase order request is submitted to replace the disbursements from the petty cash fund. A copy of the manual receipt is attached to the purchase request as support documentation. Upon receipt of the accounts payable check, the Senior Financial Coordinator cashes the check and replaces the money in the petty cash fund.

Finding: Manual receipts are not consistently attached to purchase order requests as support documentation.

Recommendation SOPC-23-01: To ensure the reliability and integrity of the information, a copy of the manual receipt should be attached to the purchase order request as support documentation.

Transaction Log

All exchanges of funds regarding petty cash are managed by the Sheriff's Office Senior Financial Coordinator. The Senior Financial Coordinator maintains a log of these transactions. The log documents the following details regarding each transaction:

- Receipt number, date and amount
- Recipient name
- Department in which the transaction occurred
- Reason for the transaction
- Purchase order number, when applicable
- Accounts payable check number and amount, when applicable

Finding: There were several errors detected on the petty cash fund transaction log.

Recommendation SOPC-23-02: To ensure the reliability and integrity of the information, the Senior Financial Coordinator should maintain an accurate transaction log.

Safeguarding of Assets

Safeguarding of assets consists of the physical security of the fund and proper management of fund disbursements and reimbursements through the use of signed manual receipts.

Physical Security

Physical security encompasses any method to physically secure the funds from loss. Monies should be kept in a locked drawer/safe until they are needed.

Controls are in place to ensure the staff uses a lockable safe to secure the petty cash fund until disbursements are ready to be made. The safe remains locked when not in use.

The Sheriff's Office petty cash fund consists of the following:

S.O. Bond Division Change Fund	\$200.00
Criminal Investigations Division (CID) Major	\$500.00
Special Crimes Unit Lieutenant	\$2,000.00
Senior Financial Coordinator	<u>\$4,300.00</u>
Total Petty Cash Fund	\$7,000.00

As part of the audit, the auditor conducted a surprise cash count on March 1, 2023. All funds from the Senior Financial Coordinator, CID and the Lieutenant of the Special Crimes Unit were accounted for.

Finding: There was a \$180.36 overage in the petty cash fund at the time of the March 1st surprise cash count. *This was a previous finding.*

Recommendation SOPC-23-03: The overage should be returned to the County Treasurer to be deposited as miscellaneous revenue.



Henry A. Trochesset
Sheriff
Galveston County

April 10, 2023

To: Randall Rice, CPA
County Auditor
Re: Petty Cash Audit

Mr. Rice,

In reference to the audit report received from your office on the Petty Cash account, there are a few things that I would like to note.

- Overage on account-As we have been unable to find the error, it still is possible that those funds belong to the Sheriff's Office. We have exhausted our time and resources to pin point where the error is but at the same time, that money still belongs here until proven it belongs elsewhere.
- Manual receipts and purchase orders-A description is normally written on each receipt and included with each purchase order. Occasionally due to the large amount of money processed through our office it is inevitable that a few could be overlooked, but the majority of all transactions are completed properly.
- Errors on transaction log-The log is set up for the Sheriff's Office to track expenses. It's reliability and integrity are suited for what we need, not for audits. It is important for us not to compromise confidential information to anyone that is not directly involved in certain transactions. What some decipher as omitting information is our way of protecting the privacy of all who is involved.

Please feel free to contact me if additional information is needed.

Best Regards,

A handwritten signature in black ink that reads 'Henry Trochesset'.

Henry A. Trochesset
Galveston County Sheriff

To Protect and Serve