



Executive Summary

Audit Report Closeout Count of the Finance Department (AR25-01)

Background: The Office of Internal Audit (OIA) includes a closeout count of the Treasury Division and now the West End Service Center (WESC) as part of our annual audit plan. Sometimes this engagement is conducted along with a City-wide petty cash count. This was the second year we conducted an audit of the WESC.

Conclusions: Our audit indicated that the City's cash handling process is sound. Funds received on June 28, 2024, were properly deposited in the City's bank account in a timely manner. In addition to counting all funds on hand we reviewed a sample of various types of receivable records to ensure that funds received had been properly credited to their respective accounts receivable systems. We identified no discrepancies with any of the records we reviewed. Our audit also included IT security objectives, and we determined that personnel with access to the Finance Department's Point of Sale (POS) system were active employees and that no personnel who had been terminated had access to the system.

Our audit did identify that one (1) petty cash fund had a reimbursement request credited to an incorrect account, and that reimbursement requests should be submitted on a more frequent basis. These findings have been addressed and additional policies have been put in place to ensure they do not recur.

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

- **We recommend that the Finance Department direct the WESC to replenish their petty cash fund every 30 days.**
- **We recommend that the Finance Department process a journal voucher to ensure the amount reflected in MUNIS matches the amounts on hand.**

Departmental Response: As a result of the audit the Finance Department has implemented our recommendations and the recommendations are considered closed.

Closeout Count of the Finance Department (AR25-01)

July 15, 2024

AR 25-01

Closeout Count of the Finance Department
AR 25-01
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Background

The Office of Internal Audit, (OIA) conducts an annual closeout count of the Treasury Division to support the year-end closing activities. Some years this is accomplished along with an audit of all petty cash funds. This year's engagement was limited to the Treasury Division. For the second year we audited the Finance Department's West End Service Center (WESC).

Objective Scope & Methodology

The objective of our audit was to conduct a close-out count of the Treasury Division and Finance Department operations at the WESC. Other objectives were to determine if petty cash fund operations were being performed correctly, verify if payments made to Finance had been recorded in the City's ERP system, and if transactions for specific receivables were recorded in those systems as well. Physical security and IT security elements were also included in the engagement.

A.R. 4-3 Petty Cash Fund Procedures and A.R. 4-8 Collection and Deposit of City Monies were the source regulations. OIA did not confirm other payments made on other dates or count other petty cash or change funds in other departments. OIA makes no representations as to the compliance with policies and regulations for activities outside the scope of this engagement.

OIA reviewed the Balance Sheet Report and then conducted a physical count of Finance Department petty cash and change funds from June 26, 2024, to June 27, 2024. We requested verification of payments made on the receivable systems for real estate, personal property, business tax, and parking citations. We also reviewed payments made for various taxes and fees in the City's [REDACTED] Enterprise Resource Management (ERP) system.

Findings, Conclusions, and Recommendations

Results of Petty Cash Count

On the day of the audit, we found that Finance's petty cash funds in City Hall were satisfactorily accounted for. However, when we counted the petty cash and change funds at the WESC, we noted that their petty cash fund had submitted a reimbursement request which included vouchers from as far back as November 2023. A.R. 4-3 states that the petty cash funds should be *"replenished at the end of each month, or more often if necessary,"* and we have cited departments repeatedly for not meeting this requirement. **We recommend that the West End Service Center replenish their petty cash fund monthly.**

We also noted that the account was listed in the Balance Sheet as having a balance which exceeded the authorized fund balance. We researched the account and determined that a reimbursement request from November 2023 had credited the account listed in [REDACTED] instead of being charging it to the respective departments. **We recommend that a Journal Voucher be processed to ensure that the account is accurately reflected in [REDACTED]**

Results of the Closeout Count of the Finance Department

Collection and Deposit of City Monies on June 28, 2024

On the day of the audit, a review of the Treasury Divisions Point of Sale (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 ERP system. All cash, check, and money order payments were deposited intact in the following days.

Verification of Transactions to the [REDACTED] ERP System

To ensure all transactions that occurred on June 28, 2024, were reflected in the [REDACTED] system, we created a sample based on transactions processed that day. We reviewed the [REDACTED] system to ensure that all transactions were processed to the correct accounts and requested supporting documentation from the Treasury Division as needed. **We identified no discrepancies between the transactions which occurred on June 28, and the subsidiary accounts in [REDACTED].**

Verification of Transactions to Accounts Receivable Systems

The City utilizes various Accounts Receivable (A/R) systems to accurately record the status of real estate, personal property, business tax, and parking citations. 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. **We identified no discrepancies between the Treasury Divisions POS Transaction report and the requested records from the A/R systems.**

Other Matters

IT Security Objective

We requested a listing of personnel who had access to the Finance Department's POS system and verified that all personnel were currently active employees and that no terminated employees had access to the POS system. **No recommendations for additional IT measures are being made.**

Physical Security

We reviewed the physical security measures employed by Finance and determined that they appear reasonable based on the amount of funds on hand. **No recommendations for additional physical security measures are being made.**

Conclusion

When the petty cash and change funds for the Finance Department were counted, all were satisfactorily accounted for. All funds that were collected on June 28, were properly deposited in the City's bank account. We did not identify any errors in the posting process of the various taxes, fines and fees reviewed. Our review of the POS access roster did not identify that any terminated employees had access to the system, and we determined that the system was compliant with ITS policies.

We noted two (2) discrepancies at the WESC. The first discrepancy was the result of incorrect processing of a payment voucher which credited the petty cash fund itself and not the correct departmental accounts that had requested the reimbursement. The second discrepancy was that the petty cash fund was not being reimbursed on a monthly basis which would ensure the prompt posting of financial transactions to the departmental accounts. Therefore, we are making the following recommendations to the Director of Finance:

Recommendations

- 1. We recommend that the Finance Department direct the WESC to replenish their petty cash fund every 30 days.**
- 2. We recommend that the Finance Department process a journal voucher to ensure the amount reflected in [REDACTED] matches the amounts on hand.**

Department Response

On July 8, 2024, the Finance Department provided a written response and we have verified that the corrective actions requested have been put in place. Therefore, we consider the recommendations closed.

City of Alexandria, Virginia

MEMORANDUM

DATE: July 8, 2024

TO: ROBERT SNYDER, CHIEF INTERNAL AUDITOR

FROM: [REDACTED] Acting Director, Department of Finance

SUBJECT: AUDIT RESPONSE TO CLOSEOUT COUNT OF THE FINANCE
DEPARTMENT

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

We recommend that the Finance Department direct the WESC to replenish their petty cash fund every 30 days.
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The Department of Finance agrees, and we will make this our standard operating procedure.

We recommend that the Finance Department process a JV to ensure the amount reflected in [REDACTED] matches the amounts on hand.

The Department of Finance agrees, and we have already requested Accounting to process the appropriate JV.

Please contact [REDACTED] Branch Manager, West End Finance Office

cc: [REDACTED] Director, Department of Finance
[REDACTED] West End Branch Manager, Department of Finance
[REDACTED] Assistant Manager, West End Branch Office, DOF