

# **AUDITOR'S REPORT**

## **HARRIS COUNTY AUDITOR'S OFFICE** **PETTY CASH, CHANGE FUND, PETTY CASH IN BANK, AND IMPREST ACCOUNTS**



**April 3, 2020**

**Michael Post, C.P.A., M.B.A.**  
**Harris County Auditor**

**Leslie Wilks Garcia, C.P.A., C.F.E.**  
*First Assistant County Auditor*

**Errika Perkins, C.P.A., C.I.A.**  
*Chief Assistant County Auditor*  
*Audit Division*



1001 Preston, Suite 800  
Houston, Texas 77002-1817  
(832) 927-4600

Fax (713) 755-8932  
Help Line (832) 927-4558

**MICHAEL POST, C.P.A., M.B.A.**  
**HARRIS COUNTY AUDITOR**

April 3, 2020

Ms. Leslie Wilks Garcia  
First Assistant County Auditor  
1001 Preston, 8<sup>th</sup> Floor  
Houston, Texas 77002

RE: Petty Cash, Change Fund, Petty Cash in Bank, and Imprest Accounts

Dear Ms. Wilks Garcia,

While performing the petty cash, change fund, petty cash in bank, and imprest account (Accounts) audits, a scope limitation was encountered due to the inability to obtain and test compliance with County Auditor Form 1235 (Form 1235), *Request to Open/Increase an Imprest Account* and County Auditor Form 910 (Form 910), *New Bank Account Request*. Form 1235 is used for all Accounts to outline both the Commissioners Court authorized balance and the purpose for which the funds can be utilized. Form 910 is used to authorize and state the purpose of new bank accounts.

Harris County (County) Accounting Procedure D.3, *Traditional General Fund Petty Cash Accounts*, states that the County Auditor's Office (Auditor's Office) - Accounts Payable Department should scan a copy of the completed Form 1235 to the Auditor's Office SharePoint Site. County Accounting Procedure C.5, *Opening New Bank Accounts*, states that the Auditor's Office - Financial Accounting and Revenue Accounting departments are required to save a copy of all documentation for new bank accounts (which would include Form 910) in accordance with the *County's Records and Retention Policy*. However, due to the age of certain Accounts, as well as evolving policy changes over the years, the Auditor's Office is unable to consistently provide approved Form 1235's and Form 910's for all Accounts.

Without a completed Form 1235 and/or Form 910, whether due to the age of the Accounts or not appropriately retaining copies, the Auditor's Office is unable to determine whether the Account disbursement was authorized and complied with the purpose and/or confirm the balances comply with the amount authorized by Commissioners Court.

For change funds, a decision was made by the County Auditor to continue verification of cash amounts; however, Form 1235 and/or Form 910 would be excluded from our review as we inherently know the purpose of a change fund. In addition, petty cash funds less than \$1,001 will be excluded from the scope due to materiality.

**Recommendations**

1. The Auditor's Office should identify all Form 1235s and Form 910s not related to change funds and petty cash accounts less than \$1,001 and coordinate with all applicable County departments to obtain newly completed forms. This would provide County Departments with an opportunity to both confirm the need for these accounts and also confirm, change, or define the purpose of these accounts going forward.

Ms. Leslie Wilks Garcia  
First Assistant County Auditor

2. Once received, these forms should be ratified by Commissioners Court and retained by the Auditor's Office in accordance with the *County's Records and Retention Policy*.
3. The Auditor's Office should determine who is responsible for retaining copies of Form 1235 and Form 910 going forward.
4. The Auditor's Office - Systems & Procedures Department should then update any changes to County policies.

**Management Action Plan**

Management agrees with the finding and recommendations and acknowledges that certain petty cash and imprest funds were established prior to the creation of the County Auditor Form 1235, *Request to Open/Increase an Imprest Account*, and County Auditor Form 910, *New Bank Account Request*. We agree that the missing forms should be collected and ratified by Commissioners Court. Management also acknowledges the importance of a centralized process for maintaining the Forms in order for Accounts Payable personnel to verify proper authorization and purpose of use prior to processing requests for replenishment of the funds. Upon stabilization of the new ERP system, the Accounting Division will evaluate its departmental procedures and resources and will designate the proper department/individual to be responsible for the custody and maintenance of the Forms. Additionally, Accounting Division personnel will be assigned the responsibility of reconciling balances as approved on the Forms to the balances reflected in the accounting system on a periodic basis.

**Responsible Party**

First Assistant County Auditor

**Due Date**

August 31, 2020

We appreciate the time and attention provided by you and your staff.

Sincerely,



Errika Perkins  
Chief Assistant County Auditor

cc: District Judges  
County Judge Lina Hidalgo  
Commissioners:  
R. Jack Cagle  
Rodney Ellis  
Adrian Garcia  
Steve Radack  
Vince Ryan