



Cash Count Procedure

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1.0 Purpose

The purpose of this procedure is to assist the staff of the Internal Audit Division to perform cash counts consistently with professionalism and compliance with applicable statutes.

2.0 Authority

The County Auditor shall be responsible for the implementation and interpretation of this procedure, as well as enforcement of the procedure, as allowed by Local Government Code (LGC) §112.006, §114.043 and §115.0035.

The County Auditor shall issue, maintain and update this procedure, control and form as needed to ensure compliance.

3.0 References

LGC §112.006 - GENERAL OVERSIGHT AUTHORITY OF COUNTY AUDITOR

- (a) The county auditor has general oversight of the books and records of a county, district, or state officer authorized or required by law to receive or collect money or other property that is intended for the use of the county or that belongs to the county.
- (b) The county auditor shall see to the strict enforcement of the law governing county finances.

LGC §114.043 - PERIODIC REPORT TO COUNTY AUDITOR BY OFFICER WHO HAS CUSTODY OF MONEY IN COUNTY WITH POPULATION OF 190,000 OR MORE

In a county with a population of 190,000 or more, the county auditor may require a district clerk, district attorney, county officer, or precinct officer to furnish monthly reports, annual reports, or other reports regarding any money, tax, or fee received, disbursed, or remaining on hand. In connection with those reports, the auditor may count the cash in the custody of the officer or verify the amount on deposit in the bank in which the officer has deposited the cash for safekeeping.

LGC §115.0035 - EXAMINATION OF FUNDS COLLECTED BY COUNTY ENTITY OR THE DISTRICT ATTORNEY

- (a) For purposes of this section, "accounts" means all public funds that are subject to the control of any precinct, county or district official, including the accounts of law enforcement agencies and the attorney for the state composed of money and proceeds of property seized and forfeited to those officials.
- (b) At least once each county fiscal year, or more often if the county auditor desires, the auditor shall, without advance notice, fully examine the accounts of all precinct, county and district officials.
- (c) The auditor shall verify the correctness of the accounts and report the findings of the examination to the commissioners court of the county at its next term beginning after the date the audit is completed.
- (d) This section does not apply to funds received by the attorney for the state from the comptroller of public accounts pursuant to the General Appropriations Act, or to federal or state grant-in-aid funds received by precinct, county or district officials.



4.0 Introduction

The Internal Audit Division visits each county office for an audit at least once each fiscal year. At a minimum, a surprise, unannounced cash count is performed at each office that collects money. At least two auditors are to participate in each surprise cash count.

5.0 Prior to the Cash Count

Generate the following reports in ONESolution:

- *Budget to Actual (GLIQBA)*: This report is generated to determine if the office has a change fund. All change funds are issued by the County Treasurer and recorded in ONESolution.
- *Transaction Detail (GLIQTR)*: This report is generated to locate the last cash receipt that was submitted by the office being audited. The collections were submitted to the Treasurer's Office with the appropriate support documentation to be recorded in ONESolution. Review the support documentation to determine the last receipt number issued. The next receipt number will be the *beginning* receipt number for the cash count.

Create an engagement letter addressed to the department head being audited and have the County Auditor sign the letter. The engagement letter informs the office that a cash count will be performed. The department head shall sign the engagement letter acknowledging the cash count and/or audit.

A copy of the signed engagement letter shall be retained in the workpapers for documentation.

6.0 During the Cash Count

Upon arrival at the office being audited, present the original signed engagement letter to the department head or supervisor. Notify the office the cash count involves all cash in the office, including but not limited to, cash drawers, bank deposits not yet deposited, change funds, contents of the safe, etc.

Internal Audit shall not interrupt the operations of the office to perform a cash count. Instead, the auditors observe the office activities until the office staff is ready to perform the daily close-out procedures.

6.1 Office Observations

Money must be secured in a lockable drawer, lockable bank bag or in a safe at all times. Document any concerns related to:

- Money not kept in a secured or lockable area
- Lockable cash drawers not used as intended
- Clerks leaving cash drawers unlocked while away from work stations
- Safes not out of view of the public or unlocked
- Clerks having unauthorized access to the safe
- Clerks issuing a receipt prior to receiving payment
- Clerks not immediately restrictively endorsing all checks and money orders

6.2 Daily Close-Out Procedures

When the office staff is ready to begin closing out, one auditor will record the results on the Cash Count and Reconciliation Form (Forms 1.0). During the process, verify the following:

- Amount and composition of the collection agrees with the receipt report generated by the electronic record keeping system of the office being audited
- Checks and money orders have been restrictively endorsed
- Written amount on the checks and money orders agree with the numeric amount



- Checks and money orders are made payable to Galveston County or the County Official
- Checks are not drawn on the personal accounts of the employees
- Contents of the safe do not include additional collections
- Cash count forms are signed by both the auditor and the custodian of the collections

If the amount and composition of the cash count do not agree with the amount and composition of the receipt report, the office must determine what caused the discrepancy. If a clerk is short during the close-out procedure and is unable to resolve the problem, the shortage is paid according to the office policy which may differ among departments. If an overage has occurred, the excess collections will either be submitted to the Treasurer's Office as "miscellaneous revenue" or refunded back to the defendant, depending on the amount of the overage and the policy of the office being audited.

Retain a copy of all checks/money orders, the office's collections report and any other supporting documentation.

Auditors should never be left alone with unsecured cash.

6.3 Manual Receipts

Locate all receipt books assigned to the office being audited. Verify the following:

- All manual receipts issued during the audit period have been recorded in the electronic record keeping system of the office being audited and deposited in the bank
- All copies (original, pink, yellow) of voided receipts have been defaced and retained in the receipt book
- All unused receipts or receipt books are accounted for
- Document the receipt range of all manual receipt books and the last receipt issued from each book

7.0 After the Cash Count

After returning to the office, write a narrative of the cash count activities. See Appendix 1.0.

Document the results of the surprise cash count in the MKInsight audit program. See Appendix 2.0.

Scan a copy of the signed engagement letter, narrative and all support documents in the audit file within MKInsight. Support documents may include, any ONESolution reports run prior to the cash count and any documents received during the cash count. Once complete, submit the audit file to the Internal Audit Manager for review.



Cash Count Procedure: Appendix

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- 1.0** Cash Count Narrative
- 2.0** MKI JP Cash Count Audit Program



Appendix 1.0 Cash Count Narrative

**GALVESTON COUNTY AUDITOR'S OFFICE
INTERNAL AUDIT DIVISION
JUSTICE OF THE PEACE PRECINCT 3 - GALVESTON OFFICE CASH COUNT
CONDUCTED ON MARCH 25, 2015 BY MADELINE WALKER & JORDAN GUSS**

The objective of the cash count is to ensure that the cash collections recorded in Net Data are accounted for at the time of the surprise cash count and are timely and properly handled.

Madeline Walker and Jordan Guss arrived at the Justice of the Peace Precinct 3 - Galveston Office, on March 25, 2015 to conduct a surprise cash count. The auditors departed the Auditor's Office at approximately 3:45 pm to arrive near the time of closeout. The auditors arrived at the Justice of the Peace Office around 4 pm. The office had moved since last year, and is now located on the first floor of the Galveston County Justice Center. Chief Clerk Rosie Sifuentes greeted the auditors. Rosie was informed the auditors were with the Auditor's Office and were there to conduct a surprise cash count. Rosie counted the day's collections and ran the Net Data Collections Report. The monies were compared to the Net Data report and there were no discrepancies. Rosie also showed the collections she had for the other JP 3 branches. The deposit for Galveston and the other branches are taken to the bank by Rosie when she leaves the office. The next morning she will send a copy of the bank deposit slip to the branches she made deposits for. The office clerk works until 4:30pm Monday through Friday.

[Document any manual receipt ranges and the last receipt issued.]



Appendix 2.0 MKI JP Cash Count Audit Program



Audit Program Template

JP Cash Count Audit Program

Linked Entities: Justice Precinct 1 - Cox
Justice Precinct 3 - Pope
Justice Precinct 2 - Schweitzer
Justice Precinct 4 - McCumber



JP Cash Count Audit Program

Objectives:

1. Determine whether the cash collections and change funds (where applicable) are all accounted for at the time of the surprise cash count.
2. Determine whether cash collections are properly and timely managed.

Process: None

Risk 1: Internal Audit is unaware of a change fund in the office.

Risk priority: High

Control 1: All change funds are issued by the County Treasurer and recorded in One Solution.

Answer List: Effective (1); Ineffective (0); Control Does Not Exist (0)

Tests

1: Generate a One Solution Budget to Actual report:

GL Key: 1101*

GL Object:

1011003 - JP3 La Marque

1011004 - JP2 Santa Fe

1011006 - JP4 League City

1011007 - JP1 Bacliff

Document the amount of the change fund.

Answer List: Yes (5); No (0)

Risk 2: All collections recorded in Net Data/Odyssey up to the day of the cash count have not been deposited and recorded in One Solution.

Risk priority: High

Control 1: The Net Data 'Receipt Collection Register' report and the Odyssey 'Receipt Journal By Fee Code' report are generated daily. All collections reflected on the reports must be deposited in the bank and recorded in One Solution.

Answer List: Effective (1); Ineffective (0); Control Does Not Exist (0)



Tests

1: Locate the last deposit recorded in One Solution by generating a Transactions Details report. The following are the PEID's for each JP:

123111 - JP1 Cox
123201 - JP2 Schweitzer
123301 - JP3 Pope
123401 - JP4 McCumber

Document the following:

Cash Receipt #
Collection Date
Receipt Range
Amount
Bank Deposit Date

Locate the last deposit turned in to the Treasurer's Office:

Document the following:

Cash Receipt #
Collection Date
Receipt Range
Amount
Bank Deposit Date

Document the beginning receipt number for the cash count.

Answer List: Yes (5); No (0)

Notes to Auditor: To determine if there is an outstanding deposit prior to the day of the surprise cash count, locate the last deposit recorded in One Solution. Document the cash receipt number, receipt range, amount collected and the amount of the deposit. Next, locate the last deposit submitted to the Treasurer's Office. Document the cash receipt number, receipt range, amount collected and the amount of the deposit. The next receipt number is the BEGINNING receipt number for collections that have not been deposited.

Risk 3: All collections and change funds cannot be accounted for.

Risk priority: High

Control 1: A close-out procedure is performed daily, during which the collections and change funds are reconciled to the applicable reports and bank deposit slips.

Answer List: Effective (1); Ineffective (0); Control Does Not Exist (0)



Tests

1: Perform a surprise cash count at the office. Write a narrative detailing the events of the cash count.

Answer List: Yes (5); No (0)

Risk 4: There are concerns related to assets not physically secured at all times, assets subject to prolong exposure to loss, or assets are not properly managed.

Risk priority: High

Control 1: Money must be secured in a lockable drawer, lockable bank bag, or in a safe at all times.

Answer List: Effective (1); Ineffective (0); Control Does Not Exist (0)

Tests

1: Perform on-site observations during the surprise cash count.

Answer List: Yes (5); No (0)

Risk 5: Collections not recorded in Net Data/Odyssey goes undetected.

Risk priority: High

Control 1: A county issued manual receipt must be provided to a payor if the computer system is down.

Answer List: Effective (1); Ineffective (0); Control Does Not Exist (0)

Tests

1: Determine which receipt books have been issued to the JP office. (See notes to the auditor.)

Locate all receipt books in the possession of the JP office, as noted in the log maintained by Internal Audit.

Verify that all manual receipts issued during the audit period have been recorded in Net Data/Odyssey and deposited in the bank.

Answer List: Yes (5); No (0)

Notes to Auditor: In the event the computer system is down, the JP offices issues pre-numbered, manual receipts provided by the Auditor's Office. Go to the following folder to determine which receipt books have been issued to a particular office: IA folder of the W-Drive - County Issued Manual Receipt Log



Cash Count Procedure: Forms

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1.0 Cash Count Form

**COUNTY OF GALVESTON
INTERNAL AUDIT DIVISION
CASH COUNT AND RECONCILIATION FORM**

OFFICE: _____
CLERK: _____

DATE: _____
TIME: _____

FUNDS ON HAND			
COINS	Amount	Count	Total Amount
	.01		
	.05		
	.10		
	.25		
	.50		
	1.00		
	Total Coins:		
CURRENCY	1.00		
	5.00		
	10.00		
	20.00		
	50.00		
	100.00		
	Total Currency:		
TOTAL CASH			
TOTAL CHECKS/MONEY ORDERS			
TOTAL FUNDS COUNTED			
LESS CHANGE FUND			
TOTAL COLLECTIONS			

RECEIPT RANGE: _____ **TO** _____

RECEIPT RANGE TOTAL _____

TOTAL COLLECTIONS _____

DIFFERENCE, IF ANY _____

I CERTIFY THAT THE ABOVE CASH COUNT REPRESENTS ALL FUNDS ON HAND IN THIS OFFICE. THESE FUNDS WERE COUNTED IN MY PRESENCE AND RETURNED INTACT.

Office Representative

Auditor's Office Personnel

CHECKS/MONEY ORDERS IN CASH COUNT

Payee	Date	Amount	Comments
TOTAL CHECKS/MONEY ORDERS			