

# UNANNOUNCED AUDIT OF PETTY CASH AND CHANGE FUNDS

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## AUDIT SERVICES

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## EXECUTIVE SUMMARY

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As part of the Annual Audit Plan, the Clerk of Circuit Court and County Comptroller's *Internal Audit Department and Office of the Inspector General* conducted an independent, unannounced, continuous audit of the Petty Cash and Change Funds. Continuous audits are conducted on a recurring basis to identify risks and test controls, have a narrowly defined scope, and result in timely notification of any gaps and/or weaknesses.

The audit found that Accounting Policies and Procedures are not being followed consistently throughout the County in regards to:

- Commingling of Imprest Funds
- Safeguarding of County Assets
- Receipts for Deposit of County Funds and Deposit Ticket Processing

Non-compliance with Accounting Policies and Procedures result in a higher risk of misappropriation of cash and cash equivalents, as well as inadequate records of who is accountable for such transactions.



## BACKGROUND AND OBJECTIVES

The Clerk of the Circuit Court and County Comptroller's *Internal Audit Department and Office of the Inspector General* has completed an unannounced audit of petty cash change funds in Sarasota County. The audit was planned and conducted in conformance with the *Global Internal Standards (Standards)*. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. The purpose of the audit was to review compliance with applicable policies and procedures and perform unannounced reconciliations of petty cash and change funds.

### ***Background***

The Internal Audit Department (IAD) completed an unannounced audit of the County's change funds in November 2024, identifying four opportunities for improvement. In that audit, a sample of 17 of the 32 active Petty Cash and Change Funds, totaling to \$5,200 in existence at that time, were tested for compliance with the Accounting Policies and Procedures, Chapter 17.2 *Petty Cash*, and Chapter 9.5 *Change Funds*. Chapter 9.5 *Change Funds* indicates that change funds are established for the purpose of making change where money is collected during transactions of County business. Chapter 17.2 *Petty Cash* provides the policy for establishing and making purchases from a petty cash fund, indicating that petty cash funds are established for the purpose of handling cash expenditures of a minor nature that are limited to purchases of \$100 or less.

Unannounced cash counts and cash control evaluations are (continuous audits) are performed by the IAD. In accordance, an unannounced cash count was completed in June 2025, which included 20 of the 32 active Petty Cash and Change Funds, located within various departments throughout the County, totaling a listed amount of \$6,800. Please note that while 3 of the 32 County funds are currently labeled as Petty Cash, those funds were beyond IAD's jurisdiction to audit and therefore were unable to be considered for the random sample pool (along with one [1] change fund). As such, this audit, and its results therein, are from unannounced cash counts and cash control evaluations on change funds.

## ***Objectives, Scope and Methodology***

The objectives of this audit were to determine if:

- 1) The internal controls over petty cash and change funds are operating effectively,
- 2) Departments are in compliance with the Accounting Policies and Procedures, and that
- 3) Reconciled balance of funds agreed to the amount recorded on the Certificate and Receipt of Imprest Funds (CRIF) form

To meet the objectives of the audit, the procedures performed included, but were not limited to, the following:

- Obtained an understanding of the Accounting Policies and Procedures as they related to Petty Cash and Change Funds.
- Performed inquiries of County personnel.
- Evaluated internal controls related to the segregation of duties and safeguarding of assets, specifically for petty cash and change funds.
- Reconciled a random sample of 20 out of 32 Imprest funds and compared the amount recorded on the CRIF form.
- Reviewed cash management training records maintained by Human Resources.
- Analyzed various Receipts for Deposit of County Funds (RFDCF) forms to determine the processing time and overall compliance with the Policies and Procedures for cash deposits from County funds.
- Identified Opportunities for Improvement.



## OPPORTUNITIES FOR IMPROVEMENT AND MANAGEMENT RESPONSES

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The audit disclosed certain policies, procedures, and/or practices that could be improved. The audit was neither designed nor intended to be a detailed study of every relevant system, procedure, or transaction. As a result of the audit, observations and recommendations identified below are related to these *Standards*:

Global Internal Audit Standards (2024)

- (Standard 9.1) Communicate risk and control information throughout the organization, and
- (Standard 9.1) The effectiveness and efficiency of operations and programs, and compliance with laws/regulations

The **Opportunities for Improvement** presented in this report may not be all-inclusive of areas where improvement may be needed. There were four (3) *Opportunities for Improvement* identified as a result of the audit:

- 1. Commingling of Imprest Funds**
- 2. Safeguarding of County Assets**
- 3. Receipts for Deposit of County Funds and Deposit Ticket Processing**

## **1. Commingling of Imprest Funds**

### **Observation**

During an unannounced cash count, IAD observed a Change Fund that had been split and partially used as Petty Cash, with each fund stored in different locked bags. However, the CRIF form for the fund officially designates it solely as a Change Fund, not Petty Cash. Additionally, the split fund had already been identified as an issue during the unannounced cash count audit in November 2024. As of the most recent count, this issue remains unresolved, and the funds have not yet been properly combined.

Accounting Policies and Procedures Chapter 9.5 Policy 4/ Chapter 17.2 Policy 2, states that “individual change and petty cash funds must be established if both are required at the same location. They must never be commingled.”

### **Recommendation**

All split or commingled funds should operate only as the designated change fund. If a Petty Cash fund is desired at these locations in the future, a separate fund with its own CRIF form must be created in accordance with current Accounting Policies and Procedures.

### **Management Response**

Following discussions with staff and management, we will implement clear procedures to ensure consistent handling of the Change Fund in compliance with all relevant policies. To clarify, a Petty Cash fund has never been established or used at this location.

## **2. Safeguarding of County Assets**

### **Observation**

Concerns were identified at the two Transit locations regarding the safeguarding of County assets. Based on observations and interviews with custodians, it was determined that all funds at each location were stored in a single safe, with a universal key located on the inside of the safe door, granting access to all funds.

Accounting Policies and Procedures Chapter 9.5, Policy 5, states that “only the person designated as the custodian is permitted to access the change fund, unless compensating controls are established and approved per Policies and Procedures.”

### **Recommendation**

IAD recommends discontinuing the use of a universal key that provides access to all imprest funds. Only the designated custodian, as identified on the fund's CRIF form, should have access to that specific fund.

### **Management Response**

We agree with the recommendation. Following discussions with management, the universal keys have been removed from the OTTS and VTD safes and are now securely stored at the Transit Administration Building. Access to individual change fund boxes is limited to the custodian.

### **3. Receipt for Deposit of County Funds and Deposit Ticket Processing**

#### **Observation**

Starting from the date that each sampled fund's unannounced cash count was conducted, IAD obtained the previous two weeks of Receipt for Deposit of County Funds (RFDCF) forms that were for cash deposits only. If a fund had no cash deposits within the 14-day time frame, the 3 most recent RFDCF forms, with cash deposits, were utilized for testing. In total, 42 RFDCF forms were identified and analyzed for the 20 sampled Imprest Funds.

During the review and testing of the RFDCFs, IAD noted various deviations, including:

- 1 sample had a deposit ticket that was created two (2) business days after the cash deposit was received.
- 5 samples had RFDCFs that were "received/uploaded" to the Finance Department more than five (5) business days from when the custodian first received the cash for deposit.

Accounting Policies and Procedures Chapter 9.2, Business Center Receipt, Balance, and Deposit of Cash, lists that "management is responsible for ensuring cash and checks are deposited daily"(Policy 4) and that the RFDCF form should be prepared "no later than the next [business] day" (Procedure 7). Chapter 9.2 also requires that each RFDCF form be submitted with a completed bank deposit ticket and supporting documentation related to the cash deposit, like receipts, system generated reports, and/or cash register tapes. Compliance is required unless instructed otherwise by department operating procedures approved by Office of Financial Management (OFM) and the Finance Department.

#### **Recommendation**

IAD recommends to review and closely adhere to Chapter 9.2 of the Accounting Policies and Procedures with each fund by:

- Preparing the RFDCF form "no later than the next [business] day" from when the cash deposit is received.
- Ensuring the RFDCF forms are submitted to the Finance Department within a timely manner.

#### **Management Response**

We acknowledge the findings and have provided targeted training to reinforce compliance with Chapter 9.2 policies. We will continue to monitor adherence closely and work to ensure timely preparation and submission of RFDCF forms.

