

OFFICE OF THE CITY CONTROLLER



**PUBLIC WORKS AND ENGINEERING DEPARTMENT
PETTY CASH AUDIT - ACCOUNT NO. 0063
FOR THE PERIOD OF OCTOBER 1, 1999
THROUGH MARCH 7, 2000**

Sylvia R. Garcia, City Controller

Judy Gray Johnson, Chief Deputy City Controller

Steve Schoonover, City Auditor



SYLVIA R. GARCIA

OFFICE OF THE CITY CONTROLLER
CITY OF HOUSTON
TEXAS

November 6, 2000

The Honorable Lee P. Brown, Mayor
City of Houston, Texas

SUBJECT: Public Works and Engineering Department
Petty Cash Audit - Account 0063 (Report No. 00-28)

Dear Mayor Brown:

The City Controller's Office Audit Division has completed an unannounced petty cash audit of the \$10,000 fund at the Public Works and Engineering Department's Material Management Division for the period of October 1, 1999 through March 7, 2000.

The audit's objective was to assist management with the assessment of the adequacy of internal controls related to the overall petty cash process. Additionally, the financial related audit evaluated the Department's compliance with Administrative Procedure (AP) 5-3.

Based on the results of our audit, the auditors noted no significant examples of non-compliance with AP 5-3. Accordingly, it was concluded that the controls over the petty cash fund at the Material Management Division provide management with reasonable assurance that the fund is adequately safeguarded, disbursed and replenished in compliance with AP 5-3.

We appreciate the cooperation extended to our auditors by Department personnel during the course of the audit.

Respectfully submitted,


Sylvia R. Garcia
City Controller

xc: City Council Members
Albert Haines, Chief Administrative Officer
Cheryl Dotson, Chief of Staff, Mayor's Office
Thomas Rolen, Director, Public Works and Engineering Department
Sara Culbreth, Acting Director, Finance and Administration Department

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SCOPE AND PURPOSE

We have completed an unannounced audit of Petty Cash (Fund 118/Account 0063) at the Public Works and Engineering Department's Material Management Division for the period of October 1, 1999 through March 7, 2000. Our objective was to assist management with the assessment of the adequacy of internal controls related to the petty cash process. Additionally, the audit evaluated compliance with AP 5-3.

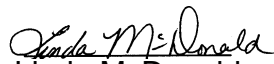
The scope of our work did not constitute an evaluation of the overall internal control structure of the Department. We designed our examination to assist management with the assessment of the adequacy of internal controls related to the \$10,000 petty cash fund. This was a financial related audit executed in accordance with Generally Accepted Government Auditing Standards.


Departmental management is responsible for establishing and maintaining a system of internal controls to adequately safeguard cash as an integral part of the Department's overall internal control structure. The objectives of a system are to provide management with reasonable, but not absolute, assurance that petty cash is used in accordance with AP 5-3 and is safeguarded against loss.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may occur and not be detected timely. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions, or that the degree of compliance with procedures may deteriorate.

CONCLUSION

Based on the results of our audit, we conclude that controls over the petty cash fund at Public Works and Engineering Department's Material Management Division are adequate to provide management with reasonable assurance that this fund is adequately safeguarded, disbursed and replenished in compliance with AP 5-3.


Linda McDonald
Auditor-in-charge


Rudy Garcia
Audit Manager


Steve Schoonover
City Auditor