

OFFICE OF THE CITY CONTROLLER



**SOLID WASTE MANAGEMENT DEPARTMENT
PETTY CASH AUDIT – ACCOUNT NO. 0159**

Sylvia R. Garcia, City Controller

Judy Gray Johnson, Chief Deputy City Controller

Steve Schoonover, City Auditor



OFFICE OF THE CONTROLLER
CITY OF HOUSTON
TEXAS

SYLVIA R. GARCIA

June 17, 2002

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

SUBJECT: Solid Waste Management Department
Petty Cash Audit – Account No. 0159 (Report No. 02-14)

Dear Mayor Brown:

The City Controller's Office Audit Division has completed an unannounced petty cash audit of the \$5,000 fund at the Solid Waste Management Department's Procurement Division. 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 and applicable sections of APs 5-2 and 2-14.

Based on the results of our work, the auditors noted no significant examples of non-compliance with AP 5-3. Accordingly, it was concluded that the internal controls over the petty cash fund provide management with reasonable assurance that the fund is adequately safeguarded, disbursed and replenished in compliance with APs 5-3, 5-2 and 2-14.

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
Oliver B. Spellman, Jr., Chief of Staff, Mayor's Office
Thomas Buchanan, Director, Solid Waste Management Department
Philip Scheps, Ph.D., Director, Finance and Administration Department

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SCOPE AND PURPOSE

We have completed an unannounced audit of the \$5,000 Petty Cash Fund (Account No. 0159) at the Solid Waste Department's Procurement Division for the period of April 2, 2001, through December 21, 2001. 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 and applicable sections of APs 5-2 and 2-14.

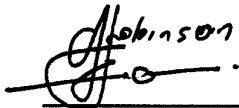
The scope of our work did not constitute an evaluation of the overall internal control structure of the Department. Our examination was designed to evaluate and test compliance with procedures and internal controls related to the petty cash fund. This was a financial related audit executed in accordance with Generally Accepted Government Auditing Standards

Department 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 internal controls over petty cash at the Solid Waste Department's Procurement Division are adequate to provide management with reasonable assurance that this fund is adequately safeguarded, disbursed and replenished in compliance with APs 5-3, 5-2, and 2-14.



Ebenezer Robinson
Auditor-in-charge



Rudy Garcia
Audit Manager



Steve Schoonover
City Auditor