

OFFICE OF THE CITY CONTROLLER



LEGAL DEPARTMENT

**UNANNOUNCED PETTY CASH AUDIT
ACCOUNT NO. 100090**

Annise D. Parker, City Controller

Steve Schoonover, City Auditor



OFFICE OF THE CITY CONTROLLER
CITY OF HOUSTON
TEXAS

ANNISE D. PARKER

September 19, 2007

The Honorable Bill White, Mayor
City of Houston, Texas

SUBJECT: Legal Department
Unannounced Petty Cash Audit - Account 100090 (Report No. 2008-03)

Dear Mayor White:

The City Controller's Office Audit Division has completed an Unannounced Petty Cash Audit of the \$12,000 fund at the Legal Department's Staff Administration Division (the Department) for the period of July 1, 2006 through June 11, 2007. 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 audit evaluated the Department's compliance with Administrative Procedure 5-3 (AP 5-3).

The report, attached for your review, concludes that the internal controls over the petty cash fund are adequate to provide management with reasonable assurance that this fund is properly safeguarded, disbursed and replenished in compliance with AP 5-3. Draft copies of the report were provided to Department officials.

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

Respectfully submitted,

Annise D. Parker
City Controller

xc: City Council Members
Anthony Hall, Chief Administrative Officer
Michael Moore, Chief of Staff, Mayor's Office
Arturo Michel, City Attorney, Legal Department
Judy Gray Johnson, Director, Finance and Administration Department

PURPOSE AND SCOPE

We have completed an unannounced audit of the \$12,000 Petty Cash Fund Account No. 100090 at the Legal Department's Staff Administration Division (the Department) for the period of July 1, 2006 through June 11, 2007. Our objective was to assess the adequacy of internal controls related to the petty cash process. We also evaluated compliance with Administrative Procedure 5-3 (AP 5-3).

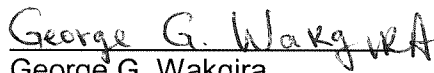
The scope of our work did not constitute an evaluation of the overall internal control structure of the Department. Instead, our examination was designed to evaluate procedures and internal controls related to the petty cash fund, test for compliance therewith and provide recommendations for improvements where appropriate.


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 cash is safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and are recorded properly.

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 are adequate for providing management with reasonable assurance that this fund is properly safeguarded, disbursed and replenished in compliance with AP 5-3.


George G. Wakgira
Auditor-in-charge


Steve Schoonover
City Auditor