

**ULSTER COUNTY COMPTROLLER'S OFFICE**  
Elliott Auerbach, Comptroller



May 8, 2018

## Review of Ulster County's Petty Cash Funds

*The mission of the Ulster County Comptroller's Office is to serve as an independent agency of the people, to protect the public interest by monitoring County government and to assess and report on the degree to which its operation is economical, efficient and its financial condition sound.*

## Objectives

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The objectives of this audit were to evaluate the internal controls over petty cash fund reporting and administration. Specifically, our audit sought to verify and evaluate:

- The existence and accuracy of established petty cash funds;
- The department's appropriate use and practical necessity for petty cash;
- That adequate controls are in effect and followed as part of the administration of petty cash;
- That all accounts currently in use were appropriately authorized (and modified) by the Ulster County Legislature; and
- The amount of each established fund through a surprise cash count.

## Executive Summary

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During our review of petty cash funds, we determined there was no organized approach to the establishment and maintenance of these accounts within the County's financial system. Several accounts showed zero dollar balances and had no activity. Several more accounts had balances, but were no longer in existence according to the responsible department. We were unable to locate the appropriate authorizing resolution by the Ulster County Legislature for some of the funds and also found that County Standard Operating Procedure ("SOP") forms did not provide auditors with enough information to appropriately review requests for replenishment. The administration of petty cash generally seemed to lack consistency and oversight. Many of these accounts are old and documentation may be lacking in general, which is why the County should seize this opportunity to significantly clean up petty cash funds as a whole. Therefore, we have highlighted our findings and made several recommendations to improve internal controls over petty cash as outlined below.

In sum, the issues noted throughout the audit were as follows:

- General lack of consistency and oversight;
- Accounts have balances within the financial system but are not in use;
- Funds are being used that do not have corresponding accounts within the County's financial system to keep track of the existing and/or authorized balance;
- Unnecessary accounts created within the financial system; and
- Funds no longer needed by the department are still in existence.

## Findings & Recommendations

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### 1. Finding – Unnecessary accounts created within the financial system

Our initial review revealed 25 accounts, amounting to \$43,875, within the County's financial system that contained the description of "petty cash" as of 12/31/17. Twelve of these accounts had zero dollar balances and never appeared to be active. Further, some accounts were not established by the Legislature, do not appear to be in use, and are not currently in existence per the department's annual risk assessment responses.

**Recommendation** – The Department of Finance should not create any petty cash account within the financial system unless and until a Legislative Resolution has first been adopted, authorizing its establishment.<sup>1</sup> Fulfilling this requirement would improve the County's ability to quickly identify and manage those accounts that appropriately exist and are currently in use. Those accounts that were not established by Legislative Resolution should be removed from the system to prevent future confusion or inappropriate use. Petty cash accounts should only be created when needed and accompanied by appropriate layers of approval. We note that the SOP does include a form for the creation of petty cash accounts, which requires the necessary information for appropriately establishing these funds. The consistent use of this form would likely protect against the creation of unauthorized funds. The accounts that were created prior to the utilization of this form should be reviewed and addressed where necessary. Such an analysis will ensure that petty cash accounts are created only when *authorized* and *necessary*.

### 2. Finding – Accounts with balances in the financial system that are not in use/existence

Our review identified some accounts that had balances within the financial system, but (1) were not in existence/use according to departmental inquiry or (2) we were unable to locate the respective custodian/fund.

- The Public Defender's Office has a petty cash account established within the financial system for the amount of \$100. We are unable to locate a resolution to establish this fund. There was no 2017 activity, and the petty cash fund does not exist per the office's response to our 2018 Risk Assessment Questionnaire.
- The Probation Department has a petty cash account established within the financial system for the amount of \$250, which was authorized by the Legislature per Resolution No. 380 of 1991. There was no 2017 activity, and

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<sup>1</sup> See NYS County Law § 371(1), stating that a County Legislature "by resolution [...] may establish a revolving petty cash fund for any administrative unit or officer in such amount as is deemed necessary. Any such petty cash fund shall continue in existence from year to year until abolished."

the petty cash fund does not exist per the department's response to our 2018 Risk Assessment Questionnaire.

- Ulster County Community College has a petty cash account established within the financial system for the amount of \$100. We are unable to locate a resolution to establish this fund. There was no 2017 activity, and we were unable to determine the purpose of the fund or who is responsible for its maintenance.
- The Sheriff's Office has an account established within the financial system labeled "Petty Cash Sheriff Forfeiture" in the amount of \$3,000. We are neither able to locate a resolution to establish this fund nor the cash related to it. There was no 2017 activity, the account was not reported as a response to our 2018 Risk Assessment, and there was uncertainty as to the fund's purpose and location during our surprise cash counts. The Commissioner of Finance indicated that he will work with the Sheriff to determine the status of this account.
- The Ulster County Mental Health Department has a petty cash fund balance of \$225 based on information included in the County's financial software. While conducting surprise cash counts, we found that the balance in the account was \$72 higher than what was authorized, the account was no longer needed, and it had not been used for some time.

**Recommendation** – Accounts with no activity, that no longer exist, or that are not needed should be removed from the County's financial system. Additionally, a final reconciliation of funds should be performed upon closure.

**3. Finding** – Petty cash funds in use with no corresponding account within financial system

The New Paltz Pool currently has a petty cash fund for the purpose of making change per the Department of Public Works' response to our 2018 Risk Assessment Questionnaire. This fund was established in the amount of \$300 in accordance with Resolution No. 191 of 2006. The response to our Risk Assessment Questionnaire indicated that the fund was still in existence and in use; however, there was no identifiable account established within the financial system to record or track its balance.

**Recommendation** – Assuming that the aforementioned Resolution is still valid, the Department of Finance should formally create a petty cash account for the New Paltz Pool so that a true and verifiable balance is reflected within the County's financial system. Accounts within the system should include descriptions that adequately reflect enough information to determine the location and purpose of the cash funds authorized.

**4. Finding – SOP forms did not provide auditors with sufficient information to adequately review replenishment requests**

The County SOP requires that departments requesting replenishment of petty cash funds submit County SOP form **D-04** “Request for Payment,” which is included in **Appendix A** of this report. This form is used for many other types of payment requests and is not specific to the replenishment of petty cash funds. The form lacks essential information for the auditor to appropriately review the request for additional funds, as it does not solicit information regarding the authorized amount of the fund, the current balance, or the Legislative Resolution establishing its creation. The absence of this information leaves auditors with an inability to verify the appropriateness of requests for additional funds. In the course of claims auditing, we have determined on several occasions that departments have requested replenishment funds that resulted in the department exceeding authorized amounts.

**Recommendation** – We recommend that the County implement the use of a petty cash replenishment request form that would provide auditors and those approving funds with essential information needed to verify the appropriateness of requests for petty cash replenishment. We have created a sample form that may be used or modified by County Management for future use, which is included in **Appendix B** of this report. The form as proposed would include information needed for approvals and audits by fiscal staff, including the authorized fund amount, the current balance, and the corresponding Legislative Resolution authorizing the account, which can be included in addition to the forms already used.

**5. Finding – Disbursement of unauthorized petty cash funds**

Comptroller’s audit staff noted that the District Attorney’s Office had requested and received \$14,500 throughout the 2017 calendar year in cash funds for “confidential investigations” that do not appear to be approved by the Legislature through a Resolution approving a “petty cash” account. There is no correlating account created in the financial system, and requests for reimbursement did not include any receipts due to the confidential nature of the purchases made.

**Recommendation** – The District Attorney should seek a Legislative Resolution, authorizing a petty cash fund for confidential investigation expenses to appropriately comply with Ulster County policy requiring such permission. The account and its authorized balance should be reflected in the County’s financial system by the Commissioner of Finance once the Legislative Resolution has been adopted. In the future, no cash funds should be disbursed by the County without necessary Legislative approval. We have provided a sample resolution to the District Attorney and are assisting them in the adoption of an authorizing resolution for these confidential cash funds.

## Scope

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We conducted the following tests/steps in order to audit the petty cash funds of Ulster County government:

- Determined what petty cash accounts have current balances within the County's financial system;
- Verified which departments have and use petty cash, as well as the purpose of each fund;
- Evaluated which departments are receiving petty cash, as well as the amount and frequency;
- Located and reviewed Legislative Resolutions authorizing the establishment of petty cash funds;
- Reviewed the process by which petty cash accounts are created and replenished; and
- Performed unannounced cash counts of all petty cash funds.

## Background

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Ulster County generally administers petty cash using an imprest system, in which a fixed amount is reserved; this amount will be replenished after a certain period of time or when circumstances require (e.g. money was spent). Departments may be advanced cash to make change or to pay for small, business related expenses when a formal requisition/purchase order is impractical or not otherwise possible. Advancing these funds is the responsibility of the custodian(s) who administers each account. As the need arises, an employee of a department may request an advance from the custodian or spend his own money on a business-related item or service. The receipt is submitted to the custodian for reimbursement. The custodian periodically prepares a requisition/purchase order to replenish the fund and submits the receipts to the Office of the Comptroller with a copy of the requisition/purchase order. Claims audit staff review the receipts and may approve payment at that time to replenish a respective petty cash fund. A check is issued to the custodian, and all receipts are expensed to the appropriate accounts. The custodian cashes the check and returns the funds to the secure location where petty cash is located.

## Conclusion

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Of the 25 petty cash accounts we identified in the financial system, only ten were appropriately authorized and used based on our review. Several accounts had balances but appeared to no longer be in use, while several other accounts present within the financial system appeared to have never been in use. It was difficult for us to determine what activity, if any, had been associated with essentially every account because petty cash activity is never booked to the petty cash fund and amounts are rarely adjusted. Overall, our review seemed to indicate that petty cash funds generally lack oversight and internal controls should be improved.

Our first concern relates to the creation of petty cash accounts within the County's financial software. Accounts should not be created until a Legislative Resolution exists because petty cash can only be authorized in this fashion. We found several accounts with no activity or a zero-dollar balance, which had not been approved by Legislative Resolution. Ideally, the creation of any petty cash account should clearly identify the matching Resolution granting its establishment. As the County's financial system allows for the development of "user defined" fields, a reference to each Resolution should be attached to the account, and a copy of Form D-03 should remain on file. When requesting copies of some of the outstanding Resolutions that authorized certain petty cash funds, the Commissioner of Finance was only able to provide one out of four requested Resolutions. Further, petty cash requests should note the authorized account and its balance, which will enable the Commissioner of Finance to ensure that funds are only disbursed to those accounts that are appropriately established if the County intends to continue its historical practice of not booking activity to petty cash accounts. Moreover, we recommend that inactive accounts that are not associated with an appropriate Legislative Resolution be removed from the system to eliminate any confusion.

Our second concern relates to those accounts that were appropriately established and created but are no longer in use despite showing account balances within the financial software. As learned from departmental inquiries, several petty cash accounts are no longer in existence. If these accounts do not have any cash balance needed then the financial software should be adjusted to reflect the current balance of zero. If the account is no longer necessary for its originally intended purpose then the Commissioner of Finance should consider removing the account altogether to avoid confusion or misuse.

Our third concern relates to the appropriation of County funds for petty cash accounts that have not been approved by the Legislature. Comptroller's claims audit staff raised concern regarding the issuance of checks to the District Attorney's Office for confidential investigation expenses. No Legislative Resolution to approve a "petty cash" fund for the District Attorney's Office has been adopted according to our review; however, funds have been issued as "cash" to keep on hand for these expenses. If the specific nature of the Office's work requires the maintenance of a cash fund on hand then the account itself should be approved by the Legislature in accordance with Ulster County's policies and procedures.

In general, our review determined that the administration of petty cash funds could be improved through the implementation of a standard approach to establishing and disbursing petty cash funds. In total, the petty cash balances as reflected by the County's financial software were in excess of \$40,000 as of 12/31/17, and petty cash replenishments identified by the Comptroller's Office totaled approximately \$50,000 for the 2017 calendar year. To ensure that these funds are being appropriately used and replenished, County Management should consider implementing standard procedures that govern the establishment, use, and closure of all petty cash funds.

Management's response to our audit, as well as our Office's reply to those comments and supplementary documentation, have been included within **Appendix C** to this report.





#D-##



COUNTY OF ULSTER
P.O. Box 1800 - Kingston, New York 12402
REQUEST FOR PETTY CASH REPLENISHMENT



CUSTODIAN: \_\_\_\_\_

ACCOUNT #: \_\_\_\_\_

DESCRIPTION: \_\_\_\_\_

AUTHORIZED AMOUNT: \_\_\_\_\_

Table with 3 columns: Line, Appropriation Number, Amount. Rows 1, 2, 3, and TOTAL.

RESOLUTION #: \_\_\_\_\_

Table with 3 columns: Bills, Count, Amount. Lists bill denominations from \$1.00 to \$100.00.

Table with 3 columns: Coins, Count, Amount. Lists coin denominations from \$0.01 to \$1.00, plus Total Cash on Hand.

This form is used to determine the amount of funds necessary to replenish petty cash and to balance the account (Cash on hand plus receipts = authorized fund balance).

Main table with 4 columns: Date(s), EMPLOYEE NAME & EXPENSE DESCRIPTION, Appropriation #, Amount. Includes sub-sections for Invoice #, Invoice Date, and Amount.

TOTAL RECEIPTS & CASH ON HAND \$ -
REIMBURSEMENTS IN PROCESS \$ -
AUTHORIZED BALANCE \$ -
DIFFERENCE (Should be Zero) \$ -

CUSTODIAN'S CERTIFICATION
I certify that the above account is true and correct; that the services and disbursements charged were rendered to or for the County of Ulster on the dates stated; that no part has been paid or satisfied; and that the amount claimed is actually due.
DATE CUSTODIAN'S SIGNATURE TITLE

# ULSTER COUNTY DEPARTMENT OF FINANCE

PO Box 1800, 244 Fair Street, Kingston, New York 12402

Telephone (845) 340-3460 Fax (845) 340-3430

## APPENDIX C

**Burton Gulnick, Jr.**  
Commissioner of Finance



**C. J. Rioux, CPA**  
Deputy Commissioner of Finance

**Lena Serrano**  
Deputy Commissioner of Finance

**Tracey Williams**  
Deputy Commissioner of Finance  
Director of Real Property Tax Service

**Lisa Cutten, CPA**  
Director of ACE  
Accountability, Compliance and Efficiency

May 15, 2018

Elliott Auerbach  
Ulster County Comptroller  
P.O. Box 1800  
Kingston, NY 12401

Dear Mr. Auerbach,

I appreciate the courtesy from your office per your audit guidelines to respond to your most recent report labeled "Review of Ulster County's Petty Cash Funds." I would like to respond by touching on each section of your report. To start, your section labeled "objectives" has five objectives with the first objective stating "The existence and accuracy of established petty cash funds." The execution of your first objective concerns me from the start, as the entire Finance Department petty cash drawer was not counted, and just a calculator tape produced by one of my employees was used to verify the balance was correct. Auditors from the Comptroller's office did not verify or evaluate the full existence or the accuracy of the petty cash in the Finance Department, therefore in my opinion, the contents of this audit report should not be used to evaluate the accuracy of petty cash, nor any recommendations regarding adequate controls over petty cash within Ulster County.

Your next paragraph labeled "executive summary" notes that there is "no organized approach to the establishment and maintenance of these accounts within the County's financial system," and one of the reasons for your statement was because "several accounts showed zero dollar balances and had no activity." I need to inform you that every petty cash account in the financial system, for those having a zero dollar balance, was in use at some point, and removing what your office calls "unnecessary accounts created within the financial system" would delete prior financial data from the financial system and would result in inaccurate financial reporting, a practice the Finance Department will not allow, and a practice the citizens of Ulster County should not want or tolerate from those responsible with their tax money.

### **Findings 1 & 2 – Unnecessary accounts created within the financial system and Accounts with balances not in use**

Your first finding revealed 25 petty cash accounts, amounting to \$43,875, within the County's financial system as of 12/31/17. I would like to first point out that there are only 24 petty cash accounts in the financial system, and 15 of these accounts had balances as of 12/31/17, leaving only nine accounts with zero balances as of 12/31/17, not 12 as you reported. The 15 accounts with corresponding balances are listed below, as well as the approving resolutions authorizing their existence after 1982, and the nine accounts with zero balances are also listed below and the reasons for the zero balances as of 12/31/17.

The listing of petty cash accounts with balances is as follows:

1	AA-0210.0075	Petty Cash Probation	\$ 250.00	No. 380 of 1991
2	AA-0210.0076	Petty Cash County Clerk	4,000.00	No. 192 of 1992
3	AA-0210.0078	Petty Cash DPW – Parking Lots	50.00	Authorized prior to 1982*
4	AA-0210.0079	Petty Cash Public Defender	100.00	Authorized prior to 1982*
5	AA-0210.0080	Petty Cash Weights & Measures	100.00	No. 376 of 1991
6	AA-0210.0081	Petty Cash Sheriff Forfeiture	3,000.00	No. 141 of 1999
7	AA-0210.0082	Petty Cash DSS	2,000.00	No. 300 of 2000
8	AA-0210.0083	Petty Cash Finance	400.00	No. 48 of 1995
9	AA-0210.0084	Petty Cash UC Community College	100.00	Authorized prior to 1982*
10	AA-0210.0085	Petty Cash UCAT	150.00	No. 58 of 2001
11	AA-0210.0086	Petty Cash Office for Aging	250.00	No. 76 of 2003
12	AA-0210.0087	Petty Cash Sheriff Civil Division	100.00	No. 303 of 2001
13	AA-0210.0091	Petty Cash Sheriff URGENT	33,000.00	No. 326 of 2015
14	AA-0210.0092	Petty Cash Mental Health	225.00	No. 252 of 2002
15	AA-0210.0098	Petty Cash Health Dept.	150.00	No. 333 of 2014
		<b>Total</b>	<u>\$43,875.00</u>	

\*Standard Operating Procedure to create Petty Cash accounts was first established in 1982.

The listing of petty cash accounts with zero balances and why balances are zero are as follows:

1. AA-0210.0077 Petty Cash DPW County Parks – This account is used seasonally and therefore there is no balance as of 12/31/17. Petty cash approved via resolution No. 191 of 2006.
2. AA-0210.0088 Petty Cash Sheriff Administration – Sheriff no longer needed these funds and turned over in 2015, therefore there is no balance as of 12/31/17. Petty cash approved via resolution No. 243 of 1991.
3. AA-0210.0089 Petty Cash Sheriff Jail – Sheriff no longer needed these funds and turned over in 2015, therefore there is no balance as of 12/31/17. Petty cash approved via resolution No. 243 of 1991.
4. AA-0210.0090 Petty Cash Public Auction – In 2003, the Treasurer split the Department’s petty cash in order to account for the Public Auction.
5. AA-0210.0093 Petty Cash Coordinated Childrens – turned over in 2012 as no longer needed by department. Petty cash approved via resolution No. 57 of 1999.
6. AA-0210.0094 Petty Cash Real Property – turned over in 2012 as no longer needed. Created prior to 1982\*.
7. AA-0210.0082 Petty Cash Personnel – turned over in 2011 as no longer needed, therefore there is no balance as of 12/31/17. Petty cash approved via resolution No. 171 of 1999.
8. CC-0210.0096 Petty Cash Infirmary Administration – Nursing home was sold in 2013, therefore no petty cash exists as of 12/31/17. Petty cash approved via resolution No. 316 of 2001.
9. CC-0210.0097 Petty Cash Infirmary Patients – Nursing home was sold in 2013, therefore no petty cash exists as of 12/31/17. Petty cash approved via resolution No. 127 of 1991.

As you can see, only 24 petty cash accounts exist within the County’s financial system. Some accounts are used at different times of the year and the funds are returned to the County when not in use, reflecting zero balances as of 12/31/17. Some other accounts, such as Real Property and Personnel, have had their funds returned to the County because through efficiencies the Finance Department has begun collecting any associated fees, therefore the petty cash funds are no longer needed for those departments. Lastly, the Golden Hill Health Care Center was sold in 2013, therefore balances do not exist as of 12/31/17. These accounts with zero balances, however, have history that needs to be maintained in the financial system, therefore these accounts cannot, and should not, be removed from the financial system. As such, the Comptroller’s recommendation to remove from the financial system “accounts with no activity, that no longer exist, or that are not needed,” we believe is inappropriate and the Department of Finance will not be removing prior financial data from the financial system.

**Finding 3 – Petty cash funds in use with no corresponding account within financial system**

Your third finding indicates that the New Paltz Pool petty cash does not have an identifiable account established within the financial system to record or track its balance. This finding is incorrect, as account number AA-0210.0077, Petty Cash DPW County Parks, is the associated account for the New Paltz Pool, as well as the Ulster Landing Park. A simple inquiry would have avoided an erroneous finding such as this.

**Finding 4 – SOP forms did not provide auditors with sufficient information to adequately review replenishment requests**

Your finding and recommended form for replenishments of petty cash will be reviewed by County Management.

**Finding 5 – Disbursement of unauthorized petty cash funds**

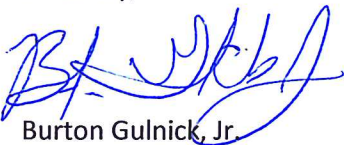
Your finding regarding the District Attorney’s disbursement of unauthorized petty cash funds is invalid. The District Attorney does not have a petty cash account. Instead the District Attorney requests funds to be used for “confidential investigations,” not for petty cash purposes. If the “confidential investigations” are to be accounted for via petty cash, then your recommendation for the District Attorney to seek legislative approval via a resolution for such is valid. However, the disbursements not through petty cash for the confidential investigations were approved by the Comptroller’s office, therefore this should not be reflective in an audit finding citing a District Attorney’s “disbursement of unauthorized petty cash funds,” as no petty cash funds were used.

**Conclusion**

In conclusion, the audit report states on page 2 and page 5 that 25 and 26 petty cash accounts, respectively were identified in the financial system. We would like to correct the record that 24 petty cash accounts are currently in the financial system. The Comptroller’s assessment that only 10 were appropriately authorized and used is also an incorrect statement, as 15 accounts are in use by the County. The report then states “several other accounts present within the financial system appeared to have never been in use” is again an incorrect statement, as all 24 petty cash accounts have had activity within the financial system in recent years. While we agree that strong oversight and internal controls should be of utmost importance, booking individual petty cash activity to the petty cash accounts would be an undue burden with no real benefit or increase in efficiency. The current process of replenishing petty cash at the department level seems to work well, and if a process to improve efficiencies, and not create additional burdens and inefficiencies were presented, my office would be more than happy to work to implement such a process.

Again, I appreciate the opportunity to comment on your most recent report.

Sincerely,



Burton Gulnick, Jr.  
Commissioner of Finance

# COUNTY OF ULSTER

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## Office of the Comptroller

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**Alicia DeMarco, CPA**  
Director of Internal Audit &  
Control

## Response to Commissioner's Comments on Petty Cash Audit

We would like to clarify several points you raised in an effort to foster a greater understanding between your Department and our Office for the ultimate goal of improving internal controls over the administration of these accounts.

First, your claim that “the entire Finance Department petty cash drawer was not counted” is wholly inaccurate. On April 2, 2018, all of the cash present in the drawer was in fact counted by two members of the Comptroller’s Office in the presence of several of your staff, including Deputy Commissioner of Finance C.J. Rioux. At the time the drawer was counted, the auditors noted a small (i.e. less than \$1) difference between the reconciled and stated balances. The drawer was then counted a second time to verify the small difference. Upon further discussion, the cashier for the drawer provided additional explanation to justify the difference, which was accepted and noted by the auditors. Therefore, your claim that the money present was not counted is incorrect. At the time the reconciliation and count were completed, we obtained a signature from the custodian (Kathy Carpino) in the presence of the Deputy Commissioner and several other staff attesting to the counting and reconciling of the drawer. The reconciliation included the breakdown of the cash counted with the number of each denomination reported. We have attached a copy of the signed reconciliation as part of **Appendix C** to this report.

In response to your assertion that there are only 24 accounts within the financial system with the description “petty cash,” we note that there are 25 unique accounts present within the system when conducting a “G/L Accounting Inquiry” using the description “petty cash.” We agree that there are fifteen accounts with balances, as well as ten with no account balance as of 12/31/17. The fifteen accounts with balances include several that do not exist according to the department responsible. Other accounts should be closed because they are no longer needed. In our opinion, those accounts are not *appropriately* used. Accounts that report balances while the department responsible is unaware of their existence should be further investigated and scrutinized for necessity. These accounts currently represent unaccounted for monies, which

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total more than \$3,000 of taxpayer funds that could not be located by either the department or the Commissioner of Finance.

In response to accounts with zero balances, we note that those accounts that your Department has identified as no longer needed should be either removed from the system, remain with restricted access, or have a notation added to state that the accounts should no longer be used in order to maintain appropriate internal controls.

In regard to Finding 3 (i.e. no identifiable account for the New Paltz Pool), we note that the account is labeled "Ulster Landing Park," which is misleading if in fact the account is used to house New Paltz Pool monies. We suggest the account name be changed so that it is easily identifiable without additional inquiry; the title "Pool and Parks" would likely remedy this issue.

Your final comment in regard to the District Attorney petty cash account is puzzling, as the "confidential investigation funds" are disbursed and used in essentially the same fashion as the Sheriff's URGENT funds. In our opinion, the term "petty cash" is more descriptive of the method of disbursement and approval of expenses, as opposed to the title of the "fund" or the use of the monies. Similar to the URGENT account, the District Attorney is provided a check that is exchanged for cash, which is kept on hand for use to purchase items related to confidential investigations. The URGENT account has been approved by the Legislature, is regarded as petty cash in the financial system, and was included in your list. As there is no discernable difference between the two accounts, they should be handled consistently. We noted within our report that the Comptroller's Office has identified that these funds (as disbursed by the Commissioner of Finance) did not appear to follow County procedures and were not in line with NYS County Law requiring the authorization of petty cash funds by the Legislature. The Comptroller's Office has corresponded with the District Attorney in an attempt to bring this account in line with similar practice and will not approve any future transactions until there has been an adequate resolution.

In summary, while the Department of Finance may feel that the administration of petty cash is adequate, the Comptroller's Office suggests that taking simple steps to improve the organization and transparency of the petty cash accounts would improve internal controls over the financial reporting related to these funds, which in total are significant. The greatest concerns to our Office relate to (1) those accounts that have balances within the financial system but are not in existence according to departmental inquiry and (2) the disbursement of cash funds to the District Attorney without appropriate legislative approval.

While the maintenance of these accounts is the charge of the Commissioner of Finance, the Comptroller's Office would be happy to assist the Department of Finance in any way to improve the accountability, compliance, and efficiency related to the disbursement of petty cash funds. The Comptroller's Office has prepared a fully referenced copy of this audit, including all back-up documentation with original source references for all information included within the report. It is available upon request should you have any additional questions regarding the material as presented.

While we attempted to address each of your concerns specifically, we also encourage you and your staff to further discuss any of these topics with our Office should you need greater clarification or have any questions regarding our findings and recommendations.

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# ULSTER COUNTY COMPTROLLER PETTY CASH COUNT RECONCILIATION FORM



(APRIL 2, 2018)

Custodian: Carol Vanacore  
 Department: Finance  
 Account Use: Employee Reimbursements  
 G/L Account: AA-0210.0083  
 Account Balance: 150.00

Section A Cash on Hand			
	Count		Amount
<b>Bills:</b>			
\$ 1.00	18	\$	18.00
\$ 5.00	4	\$	20.00
\$ 10.00	3	\$	30.00
\$ 20.00	4	\$	80.00
\$ 50.00	0	\$	-
\$ 100.00	0	\$	-
		\$	148.00
<b>Coins:</b>			
\$ 0.01			
\$ 0.05			
\$ 0.10			
\$ 0.25	8	\$	2.00
\$ 1.00		\$	-
		\$	2.00

Section B	
<b>Summary:</b>	
Cash on Hand:	
Bills	148.00
Coins	2.00
	150.00
Total cash on hand	150.00
Receipt totals (not yet submitted)	0.00
Reimbursement Request(s) In process	0.00
Total	150.00
Authorized Fund Balance	150.00
Difference (should be zero)	0.00

4/2/18  
 \_\_\_\_\_  
 Custodian Signature Date

4/2/18  
 \_\_\_\_\_  
 Auditor Signature Date

# ULSTER COUNTY COMPTROLLER PETTY CASH COUNT RECONCILIATION FORM

(APRIL 2, 2018)



Custodian: 4 Employees - Kathy Carpino  
 Department: Finance  
 Account Use: Change for cash drawers  
 G/L Account: AA-0210.0083  
 Account Balance: 400.00

*250.00 → 150 additional @ front desk*

Section A Cash on Hand		
	Count	Amount
<b>Bills:</b>		
\$ 1.00	<u>33</u>	<u>33.00</u>
\$ 5.00	<u>5</u>	<u>25.00</u>
\$ 10.00	<u>10</u>	<u>100.00</u>
\$ 20.00	<u>3</u>	<u>60.00</u>
\$ 50.00		
\$ 100.00		
		<u>218.00</u>
<b>Coins:</b>		
\$ 0.01	<u>73</u>	<u>.73</u>
\$ 0.05	<u>20</u>	<u>3.00</u>
\$ 0.10	<u>11</u>	<u>6.10</u>
\$ 0.25	<u>14</u>	<u>13.50</u>
\$ 1.00	<u>change adj.</u>	<u>8.67</u>
		<u>32.00</u>

Section B	
<b>Summary:</b>	
Cash on Hand:	<u>218.00</u>
Bills	<u>32.00</u>
Coins	<u>250.00</u>
Total cash on hand	<u>250.00</u>
Receipt totals (not yet submitted)	<u>0</u>
Reimbursement Request(s) In process	<u>0</u>
Total	<u>250.00</u>
Authorized Fund Balance	<u>250.00</u>
Difference (should be zero)	<u>0</u>

*change adjustment for deposits in transit*

Kathy Carpino  
 Custodian Signature Date  
[Signature] 4/2/18  
 Auditor Signature Date