



# Department of Transportation

## Petty Cash Audit

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**Audit Period: July through December 2013**

### Results Summary:

Objective	Conclusion
Disbursement Process	Well-Controlled with Improvement Needed
Replenishment Process	Well-Controlled with Improvement Needed
Central Office Oversight	Well-Controlled with Improvement Needed



## **Executive Summary**

### **Background**

The Ohio Department of Transportation (ODOT) is responsible for developing and maintaining state and federal roadways in Ohio. The department has a central office in Columbus, 12 regional district offices, and facilities in all 88 of Ohio's counties. The central and district offices each utilize their own petty cash account(s). Petty cash accounts are used to reimburse ODOT employees for small incidental expenses incurred at work, as well as other small operational related expenditures. There is some variation among the offices in the petty cash accounts, such as electronic and manual systems; the replenishment level of the accounts; and some offices keep cash on hand while others use a checking account strictly. ODOT Central Office maintains oversight of the agency's petty cash accounts.

During the audit, OIA identified opportunities for ODOT to strengthen internal controls and improve business operations. This audit conforms to the *International Standards for the Professional Practice of Internal Auditing*. OIA would like to thank Department of Transportation staff and management for their cooperation and time in support of this audit.

This report is solely intended for the information and use of agency management and the State Audit Committee. It is not intended for anyone other than these specified parties.

### **Scope and Objectives**

OIA staff was engaged to perform assurance work related to the ODOT petty cash process. This work was completed between December 2013 and February 2014. The scope of this review included the key processes surrounding the petty cash procedures at the central and district offices for the period July through December 2013. The audit objectives included the following:

- Evaluate the design and effectiveness of controls over the petty cash disbursement process.
- Evaluate the design and effectiveness of controls over the petty cash replenishment process (including the receipt of miscellaneous revenues).
- Evaluate the design and effectiveness of central office oversight of petty cash.



## **Detailed Observations and Recommendations**

The Observations and Recommendations include only those risks which were deemed high or moderate. There were no high or moderate observations identified as a result of this audit. Low risk observations were discussed with individual agency management and are not part of this report. However, the low risk observations were considered as part of the audit objective conclusions.



## Appendix A – Classification of Conclusions and Observations

### Classification of Audit Objective Conclusions

Conclusion	Description of Factors
<b>Well-Controlled</b>	The processes are appropriately designed and/or are operating effectively to manage risks. Control issues may exist, but are minor.
<b>Well-Controlled with Improvement Needed</b>	The processes have design or operating effectiveness deficiencies but do not compromise achievement of important control objectives.
<b>Improvement Needed</b>	Weaknesses are present that compromise achievement of one or more control objectives but do not prevent the process from achieving its overall purpose. While important weaknesses exist, their impact is not widespread.
<b>Major Improvement Needed</b>	Weaknesses are present that could potentially compromise achievement of its overall purpose. The impact of weaknesses on management of risks is widespread due to the number or nature of the weaknesses.

### Classification of Audit Observations

Rating	Description of Factors	Reporting Level
<b>Low</b>	Observation poses relatively minor exposure to an agency under review. Represents a process improvement opportunity.	Agency Management; State Audit Committee (Not reported)
<b>Moderate</b>	Observation has moderate impact to the agency. Exposure may be significant to unit within an agency, but not to the agency as a whole. Compensating controls may exist but are not operating as designed. Requires near-term agency attention.	Agency Management and State Audit Committee
<b>High</b>	Observation has broad (state or agency wide) impact and possible or existing material exposure requiring immediate agency attention and remediation.	Agency Management and State Audit Committee