



Final Audit Follow-Up

Cash Counts Audit - StarMetro

Report #AR-2505
July 31, 2025

Original Report #AR-2306, Issued August 4, 2023
Follow-Up Period Ending March 31, 2025

Summary from Original Report

We performed this audit to determine whether petty cash/imprest funds existed as recorded in City records and were properly accounted for at the time of the cash count. Specifically, we determined whether StarMetro properly maintained its petty cash fund, ensured the funds were reasonably safeguarded from loss, and provided recommendations to strengthen and improve internal controls when issues were identified.

Our surprise cash counts at StarMetro determined imprest funds were utilized for cashiering operations. While some internal controls were in place, improvements were needed to help ensure the funds were properly maintained and reasonably safeguarded. Specifically, we noted the following issues: access to imprest fund was not restricted to fund custodians, the reconciliation process used to account for the imprest fund needed improvement, and StarMetro policies and procedures did not include sufficient detail to instruct and guide staff in the completion of their duties.

In response to our audit observations, management established three action plan steps. One of the action plan steps was completed in the prior follow-up period and the other two were verified as having been completed in this follow-up period. As such, this status report is the second and final follow-up on Audit Report #AR-2306, issued August 4, 2023.

Complete

3

In Progress

0

Needs Attention

0

Action Plan Step 2

Objective: The reconciliation process for the StarMetro imprest fund should be reviewed and updated to ensure the imprest fund is properly accounted for. Additionally, the \$211 cash shortage noted in the original audit report should be properly resolved and reported to the Revenue Division.

Management's Action Plan: *Both items noted were resolved on July 11, 2022, and the correction has since been reported to the Revenue Division. The reconciliation process was also revamped in April 2023.*

Action Plan Status: Complete

Imprest Fund Procedures and Reconciliation Form

In our first follow-up on Audit Report #AR-2306, we noted management updated the reconciliation procedures and the form used to reconcile the imprest fund. However, we also noted management's actions did not fully address the recommendations made in the report. Specifically, our evaluation of the actions taken by management showed 1) the reconciliations were not being performed bi-weekly as provided in the revised procedures, and 2) the formulas used in the reconciliation form were not corrected but removed. Based on that evaluation, we concluded the action plan step had not been completed and additional actions were needed to fully address the recommendations from the original audit.

During this follow-up audit, we reviewed the additional actions management took to address the original audit recommendations. We noted, StarMetro management updated the reconciliation procedures to provide for quarterly reconciliations of the imprest fund and performed a reconciliation as provided for in the revised procedures. We also noted in our review that the form used to reconcile the imprest fund had been improved by including formulas to perform calculations that would have otherwise been done manually, which would have increased the risk of errors in the reconciliation process.

Action Plan Step 3

Objective: We recommended management map current processes and update procedures to provide sufficient detail and enhance the accountability of imprest funds.

Management's Action Plan: *Our standard operating procedures are currently under review and will be updated and/or replaced as needed.*

Action Plan Status: Complete

Policies and Procedures

In Audit Report #AR-2306, we identified several StarMetro procedures related to cash handling and the imprest fund that needed improvement. Specifically, we found the procedures did not include sufficient detail to instruct and guide staff in the completion of their duties.

Our first follow-up to review the actions taken by management to address our recommendation (Audit Report #AR-2503), noted StarMetro management updated their standard operating procedures. However, the updated procedures did not adequately instruct and guide staff on the process for reviewing cash shortages, and there were several areas that could be further enhanced to improve accountability of the imprest fund.

Our review of StarMetro management's actions on our recommendations since the completion of the first follow-up audit, showed additional enhancements to the *Imprest Fund Procedures* to include further guidance on deposit verification, reconciliations, and the Ticket Vending Machine (TVM). Based on our review of the updated operating procedures, we found they now:

- Instruct and guide staff on the steps that should be taken when imprest fund reconciliations identify cash variances;
- Require sub-imprest funds (e.g., cash boxes) to be reconciled prior to being reassigned to another employee (e.g., a newly hired employee or reassigned employee);
- Address the cash handling and reconciliation of the TVM; and
- Require the Finance Team to verify monthly that the deposits recorded in the City revenue system (iPay) agree with the cash and check sales cashiers made during the month, as reflected on the summary receipts from their point-of-sale terminals.

Conclusion

To address the observations made in Audit Report #AR-2306, issued August 4, 2023, management developed three action plan steps. As of the end of this follow-up period, management successfully completed all three action plan steps.

Appointed Official's Response

City Manager:

We appreciate the work of the Office of the Inspector General (OIG) in conducting this audit and providing its observations. Their review is valuable in supporting effective operations and continued improvements. As noted in the report, all action steps identified in response to the audit findings have been completed. These actions reflect StarMetro's ongoing commitment to ensuring petty cash funds are properly maintained, safeguarded from loss, with strengthened internal controls. We will continue to evaluate and implement improvements based on best practices and ongoing risk assessments. We thank the OIG for its engagement and contribution to this process.

Acknowledgements

We appreciate the cooperation and assistance provided by management and staff during this audit follow-up.

Project Team

Engagement:

Conducted by: Johnny Hawkins
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Inspector General

Statement of Accordance

The mission of the Office of the Inspector General is to advance integrity, accountability, transparency, and efficiency and effectiveness within City government by providing professional, independent, and objective audit and investigative services.

We conducted this audit follow-up in conformance with *generally accepted government auditing standards*. Those standards require we plan and perform the audit follow-up to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our objectives.

Please contact the Office of Inspector General at (850) 891-8397 or inspector.general@talgov.com with inquiries regarding this report.

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