

OFFICE OF THE COUNTY AUDITOR

KANE COUNTY GOVERNMENT CENTER

WILLIAM F. KECK, CPA
KANE COUNTY AUDITOR

JOHN F.X. HARAHAH
DEPUTY AUDITOR



719 S. BATAVIA AVENUE
GENEVA, IL 60134

630-232-5915
630-208-3838 (FAX)

To: Mark VanKerkhoff, Development Dept. Director
From: William F. Keck, Auditor *William F. Keck*
Re: Petty cash fund

Enclosed is the Auditor Office review of the Development Dept. petty cash fund from January 2011 to March 2012. Our findings, conclusion, and recommendations are contained therein.

Cc: D. Rickert
T. Harbaugh
Finance Dept.
Finance Budget Committee
Development Committee

Report of Petty Cash Fund for Development

Introduction: Petty Cash Funds have been established to handle disbursements for incidental departmental expenses or a significant volume of recurring expenditures. A cash box is used for incidental expenses. A checking account is used for recurring expenditures. Incidental expenses include miscellaneous office supplies and expenses whereas recurring expenditures represent mileage reimbursements in departments with frequent travelers.

When a petty cash fund is established within a particular department, a petty cash custodian is designated who is responsible for disbursements, replenishment and balancing of the fund. Whenever the Petty Cash custodian decides that the fund needs to be replenished, the reimbursement is requested on a personal expense voucher submitted to the Auditor's Office. Prior to processing this request for replenishment of the Petty Cash fund to its original balance, the Auditor's Office will audit supporting documentation and then approve the request. A copy of the written procedures was given to the Custodian at the time of the audit.

Our audit includes a review of petty cash funds for (1) compliance with procedures, (2) adequacy of the fund and (3) documentation in support of expenditures.

Findings: The petty cash custodian keeps the cash box in a safe and one other employee also has access to the cash. No pre-numbered vouchers or any other vouchers are used to record transactions. In 2011 there were no requests for reimbursement.

The fund balance should be \$25. We counted \$165.87 in cash and \$15.41 in receipts for a total of \$181.28. It has been suggested that the extra money is probably from the sale of maps over a several year period. The fund is over by \$156.28. No monthly reconciliation's have been done for the past four years. A Petty Cash checking account has a current balance of \$605.16. This account has not been used for years and there are no known checks available for this account. This account was opened with a fund balance of \$2,500 on October 10, 2000 and was last audited in 2002.

Conclusion and Recommendation: The amount of a petty cash fund depends on the department's needs. A fund balance of \$25 is adequate for their needs. We recommend that the account balance be returned to the original fund balance of \$25 and the extra funds be allocated appropriately. To adhere to the county's financial policies for petty cash pre-numbered vouchers are to be used for each transaction. We further recommend that the petty cash fund be balanced monthly. We also recommend that the Petty Cash Checking account be closed and the funds transferred to the County Treasurer.