

OFFICE OF THE COUNTY AUDITOR

KANE COUNTY GOVERNMENT CENTER

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JOHN F.X. HARAHAH
DEPUTY AUDITOR

To: Joseph McMahon, State's Attorney
From: William F. Keck, Auditor
Re: Petty cash fund

A handwritten signature in black ink, appearing to read "William F. Keck", is written over the "From:" line of the header.

Enclosed is the Auditor Office review of the State's Attorney and Child Advocacy Center petty cash funds. Our review of the State's Attorney fund was for the period of January 2011 to July 2012. Our review of the Child Advocacy Center fund was for the period of January 2011 to March 2012. Our findings, conclusion, and recommendations are contained therein.

Cc: D. Rickert
Finance Dept.
Finance Budget Committee
Judicial/Safety Committee

Report of Petty Cash Fund for State's Attorney

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 and check book in a safe and 1 other employee also has access to the cash. The cash fund balance should be \$500 and the checking account \$3,000. We counted \$284.13 in cash and \$217.28 in receipts for a total of \$501.41. The fund is over by \$1.41. The checking account had a balance of \$1,577.23 and \$1422.77 in receipts for a total of \$3,000. From January 2011 to June 2012 there were eleven (11) requests for reimbursements for a total of \$5,544.55. Expenditures over \$100 had the necessary approvals. The checks require two signatures and the account is balanced monthly by the custodian. Vouchers are used to record the transactions.

Conclusion and Recommendation: The amount of a petty cash fund depends on the department's needs. A cash fund balance of \$500 and the checking account balance of \$3,000 are adequate for their needs. We recommend that the custodian keep some Sales Tax Exemption letters with the cash box and hand them out when needed to avoid paying any future sales tax. To insure the proper segregation of duties we recommend that the bank account be reconciled by someone other than person handling receipts and disbursements.

Report of Petty Cash Fund for Child Advocacy Center

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 locking file and no other employees have access to the cash. The fund balance should be \$200. We counted \$84.48 in cash and \$124.31 in receipts for a total of \$208.79. No pre-numbered vouchers or any other vouchers are used to record transactions. From January 2011 to March 2012 there were numerous requests for reimbursement but since they are combined with other State's Attorney requests the exact amount is unknown. Sales tax was also paid on some receipts and some receipts were over 90 days old.

Conclusion and Recommendation: The amount of a petty cash fund depends on the department's needs. A fund balance of \$200 is adequate for their needs. To adhere to the county's financial policies for petty cash, pre-numbered vouchers are to be used for each transaction. We recommend that the custodian keep some Sales Tax Exemption letters with the cash box and hand them out when needed to avoid paying any future sales tax. In addition we recommend that a separate vendor be established in the New World System for the Child Advocacy Center petty cash fund so as to keep this fund's transactions separate from the State's Attorney's petty cash fund transactions.