

OFFICE OF THE COUNTY AUDITOR

KANE COUNTY GOVERNMENT CENTER

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To: Dr. Timothy Brown, Diagnostic Center Director

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 Diagnostic Center petty cash fund from January 2009 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 Diagnostic 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 drawer and one other employee also has access to the cash. The fund balance should be \$100. We counted \$100 in cash and \$0 in receipts for a total of \$100.00. A pre-numbered voucher book is used to record transactions. From January 2009 to March 2012 there were twelve (12) requests for reimbursement for a total of \$465.99. County policies are being followed as to compliance with most procedures, adequacy of funds and documentation for expenditures with the exception of reimbursement requests on Personal Expense Vouchers. Reimbursement requests are being made on letterhead and being sent to the Auditor's Office to be processed. Sales tax was also paid on some office and meeting supplies.

Conclusion and Recommendation: The amount of a petty cash fund depends on the department's needs. A fund balance of \$100 is adequate for their needs. To adhere to the county's financial policies reimbursement requests should be on a Personal Expense Voucher. 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.