

# Petty Cash Audit

## Objective

Determine if City departmental petty cash accounts are maintained in compliance with Financial Policies and Procedures and Petty Cash Fund Guidelines, if the total of cash on hand and receipts equals the amounts recorded in the financial system and review usage to ensure specific divisional petty cash approved amounts are appropriate.

## Scope

Petty Cash records from January 1, 2019 through February 15, 2021.

## Methodology:

Procedures included unannounced cash counts at all petty cash locations, reviewing any receipts and reconciling cash, reviewing physical security, reviewing all replenishment batches submitted and analyzing usage to ensure appropriate usage and fund levels.



## What Was Found

Overall, City staff does a great job of managing petty cash accounts. All departmental funds are secured appropriately by the assigned custodians. All expenditures were documented on pre-numbered receipts that were completed and approved. The Petty Cash Fund Guidelines state that “petty cash funds may be used for purchases up to \$75.00, requests over that amount must be approved by the appropriate Senior Manager’s signature.” The purchase limit was not consistently known by petty cash custodians and one transaction was found for over the amount without a corresponding Senior Manager documented approval. Most custodians scanned in the detailed receipt as well as the pre-numbered petty cash form with each replenishment request, except for one where only the pre-numbered form was scanned in. The original receipts are kept in hard copy, but requires a staff member pulling the files in order to review.

## Audit Recommendations

Management should remind custodians of the expenditure limit and Senior Management approval for any expenditures above the threshold. The Finance Department should monitor for purchase amounts when reviewing reimbursement submittals to ensure Senior Manager approval is documented when required. All receipts should be scanned in with the pre-numbered form to allow for efficient review.