

**OFFICE OF THE COUNTY AUDITOR**

KANE COUNTY GOVERNMENT CENTER

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JOHN F.X. HARAHAH  
DEPUTY AUDITOR

To: John Cunningham, County Clerk  
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 County Clerk petty cash fund from January 2011 to March 2012. Our findings, conclusion, and recommendations are contained therein.

Cc: D. Rickert  
Finance Dept.  
Finance Budget Committee  
Public Service Committee

## Report of Petty Cash Fund for County Clerk

**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 locked drawer and two (2) other employees also have access to the cash. No pre-numbered vouchers or any other vouchers are used to record transactions. In 2011 there were five requests for reimbursement for a total of \$382.81. A review of the expenses shows that sales tax was paid on most of the transactions. There were no amounts over \$200 and proper approval was on all forms.

The fund balance should be \$400. We counted \$276.10 in cash and \$156.71 in receipts for a total of \$432.81. The fund is over by \$32.81. No monthly reconciliation's have been done for the past four years. An excel spreadsheet is being used to track expenses and reimbursements but it was never used to balance the account.

**Conclusion and Recommendation:** The amount of a petty cash fund depends on the department's needs. A fund balance of \$400 is 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 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.