

AUDIT REPORT 22'010

PETTY CASH

Executive Summary

The 2021/22 audit plan included a review of the systems and procedures for the administration of petty cash funds. Petty cash is an amount of money held by establishments or services in cash to usually meet minor items of expenditure. Examples include postage, stationery, sundry items etc. However, during the audit it was noted that petty cash funds are also used in some cases to meet more specific purposes e.g. test purchases within Trading Standards

All Petty Cash funds are kept on what is known as an 'imprest' system. This means that at any point in time the sum of the value of receipts for outlays made, outstanding claims and cash in hand should equal the amount advanced - the imprest amount. There are currently 123 imprest funds operating within the Council, with values ranging from £5 to £1,000, for a total as at 31 March 2021 of £17,600. The purpose of this audit was to review the effectiveness of the controls and procedures followed in the administration of the Petty Cash System. This was undertaken through checking the accuracy of centrally held records, sample testing of individual funds to ensure all expenditure had been verified to supporting documents, and on site reconciliation of cash held. .

The audit noted the following points:-

- Review of individual petty cash funds noted examples where vouchers had not always been completed against each transaction. In addition payments were made and reimbursements received, but records had not been updated detailing these transactions.
- The audit noted that for one particular petty cash fund, officers were shredding all supporting vouchers and receipts after receiving a replenishment cheque. It is understood this was due to required changes in working practices because of the pandemic, and a misunderstanding with regard to the retention of documents.
- Examination of the central control database detailing all petty cash funds, noted examples where changes to the imprest amounts, responsible and in-absence officers had not been updated.

The audit was carried out in accordance with the Public Sector Internal Audit Standards (PSIAS).

Recommendations

| Risk Ratings for Recommendations | | | | | | |
|---|--|----------|---|---|---|------------------------------|
| High | Key controls absent, not being operated as designed or could be improved. Urgent attention required. | Medium | Less critically important controls absent, not being operated as designed or could be improved. | Low | Lower level controls absent, not being operated as designed or could be improved. | |
| No. | Audit Recommendation | Priority | Accepted (Yes/ No) | Comments | Responsible Officer | Timescale for Implementation |
| Key Control: Effective controls exist in the administration and monitoring of petty cash funds | | | | | | |
| 5.01 | All officers administering petty cash funds should be reminded to follow recommended operating guidelines for the administration of funds. | Medium | Yes | A reminder email will be issued to all Fund Holders to remind officers of the requirement to follow recommended guidelines. | Principal Accountant | 31 December 2021 |
| 5.02 | Vouchers and receipts should be retained to evidence all payments made from the Throughcare and Aftercare petty cash fund, irrespective of any claim for replenishment of funds. | Medium | Yes | | Team Manager, ThroughCare and AfterCare | Implemented |

| Risk Ratings for Recommendations | | | | | | |
|---|---|-----------------|---|--|---|-------------------------------------|
| High | Key controls absent, not being operated as designed or could be improved. Urgent attention required. | Medium | Less critically important controls absent, not being operated as designed or could be improved. | Low | Lower level controls absent, not being operated as designed or could be improved. | |
| No. | Audit Recommendation | Priority | Accepted (Yes/ No) | Comments | Responsible Officer | Timescale for Implementation |
| 5.03 | A review should be undertaken of the central control database and updated with current operating details. | Medium | Yes | A review is undertaken bi-annually by accountancy and this is currently underway | Principal Accountant | 31 March 2022 |