

Library Department - Petty Cash Fund Audit June 7, 2010

INTRODUCTION

City Audit completed an audit of the Library Department's petty cash fund on Friday, June 4, 2010, to ensure the physical presence of established (authorized) fund receipts and amounts, compliance with established City procedures, and to determine the possibility of the fund's reduction or elimination.

BACKGROUND

City Departments utilize established amounts of cash in the form of petty cash funds to transact department business when it is not practical to use a P-card. The City's Finance department disburses the funds via a check to a custodian upon receipt and authorization from the requesting department. The Library maintains a petty cash fund of \$100 used to make small dollar amount purchases. Most recent purchases were for various cleaning supply items. Audit last performed an audit of the Library petty cash fund on Oct 10, 2007.

AUDIT WORK COMPLETED:

1. Verified amount of change fund to the City's General Ledger.
2. Reviewed purchases made and fund replenishments for fiscal years 2008, 2009, and 2010 (to date).
3. Conducted a physical count of the petty cash funds.
4. Reviewed security and personnel accessibility to the cash.
5. Obtained list of Library employees with a City-issued purchasing card (P-card).

OBSERVATIONS/RECOMMENDATIONS

1. The count determined a cash amount of \$52.04 and unreimbursed expenses (with receipts) totaling \$47.97 for a total of \$100.01 (an immaterial \$0.01 overage). All purchases reviewed were for valid City business purposes, properly authorized, and pursuant to City policies and procedures.
2. The cash is stored in a secured area with limited access.
3. Additional detail of purchases made:
 - a. Nearly all could have been made with a City P-card (vendors used, such as Publix, Walmart, Target, Family dollar, US Postal Service, etc., accept the P-card).
 - b. Most were for cleaning supplies, followed by miscellaneous office supplies, and postage. One purchase appears to have been for day (non-overnight) travel that should have been processed via payroll.
 - c. Employees personally paid the sales tax (which is correct since the City is sales tax exempt), however, purchases made with a City P-card would eliminate this from occurring.
4. Currently 12 Library employees have a City-issued P-card to make City business purchases.

RECOMMEND: Based on the limited fund usage and the fact that most purchases could have been made utilizing a P-card, Audit recommends the elimination of the \$100 petty cash fund. Please return the receipts and cash to the Finance Department/Treasury Section to close out the fund (Finance will make the necessary journal entries and provide a receipt for the cash). As needed, the Library should explore the possibility of obtaining additional employee P-card(s). Petty Cash returned on June 18, 2010.

CONCLUSION

The audit of the Library Department's \$100 petty cash fund determined that based on usage and the types of purchases made, the fund should be eliminated. Corresponding purchases should be made utilizing the City's P-card. The management of the fund occurred pursuant to established City policies and procedures. Thank you.

Respectfully Submitted, *Robin I. Gomez*
Robin I. Gomez, City Auditor