

University of Maine System
Petty Cash Audit Program

University _____ Auditor _____
Department _____ Date _____
Location _____
Responsible Manager _____
Authorized Petty Cash Amount \$ _____
Person Responsible for Petty Cash _____

General Information

1. Review any prior audit findings and document actions taken to resolve those findings.
2. Determine cash handling and related procedures by asking the following questions:
 - Who handles the petty cash fund?
 - How often is the petty cash account reconciled and reimbursed?
 - What are the procedures for reporting shortages and overages?
 - Does the department make loans out of its petty cash fund? If so, to whom and why?
 - Who has access to the petty cash fund? Is physical access to petty cash limited only to the personnel responsible for the fund?
 - How is the petty cash fund kept secure?
 - How are duties segregated? (Note: Whenever possible, the person who handles the cash should not be the person who reconciles the fund.)
3. When did the individuals who handle cash last attend a Cash Management Training session? Trace department's response to Cash Management Training attendance sheet(s).

Note: Ensure that duties are properly segregated and that other procedures appear adequate for the circumstances. Document any concerns related to the above.

Checking Account Only

4. With respect to the checking account, determine:
 - Who has access to the blank check stock? Is the blank check stock kept in a secure location?
 - Who prepares the checks?
 - Who approves the checks?
 - Who records the transaction detail and where?
 - Who reconciles the funds?
 - Who prepares and approves requests for reimbursements?

Note: Ensure duties are segregated among different employees to reduce the risk of errors or irregularities. For instance, responsibilities for authorizing transactions, recording them, and handling the related asset should be divided to the extent practical.

5. Inquire about the department's reconciliation procedures. Does the reconciled amount agree with the authorized amount? Do the canceled checks come back with the bank statements? If so, does the reviewer scan those checks for reasonableness? Is the checking account reconciled to the general ledger monthly? Review several reconciliations ensuring the bank statements agree with the records and that reconciling items are appropriate.
6. Review the check register / control log ensuring checks are numerically issued. Verify by inquiry and observation that the log includes voided checks.
7. Inquire about the procedure for maintaining voided checks? (Note: checks should be properly canceled and held for inspection.)
8. Is the bank notified whenever an authorized signer of checks changes duties or is no longer an employee? Review the signature authorizations to ensure they are current.

Petty Cash/Checking Account Testing Procedures

9. Review three recent petty cash reimbursements and determine whether the petty cash vouchers are complete and signed by appropriate personnel, whether original receipts are attached to the reimbursement requests, and whether the requests are properly approved.
10. Scan petty cash reimbursement requests to determine the frequency of reimbursements and amounts being reimbursed. Determine whether the authorized amount appears reasonable or whether it should be adjusted.
11. Review a few recent bank reconciliations to determine whether reconciliations are properly prepared, done timely, and agree to the total authorized amount. If the canceled checks come back with the statements, compare a sample of checks to the check register to determine whether disbursements are as stated.

Conclusion

12. Discuss observations with the department manager and point out any controls that need to be improved. For material weaknesses ask management to respond with a written corrective action plan.
13. Send a summary of the results, as described in APL I-F, to Internal Audit.
14. Follow up on any open items.