



Internal Audit Report
Housing & Community Care
Petty Cash 14-06
May 2014

Final Report

Chief Executive's Service
Finance Division
Perth & Kinross Council
2 High Street
Perth PH1 5PH

Background and Introduction

This assignment forms part of the Internal Audit plan for 2014/15, as approved by the Audit Committee on 2 April 2014.

As a result of the Accountancy and Exchequer review, staff who dealt with the corporate petty cash system were relocated from Pullar House to 2 High Street. For operational purposes, it was agreed that the Revenues Section within Housing and Community Care, based in Pullar House, would take over the corporate responsibility for petty cash with effect from 28 February 2014.

The scope of the audit is to verify that Housing and Community Care management have implemented an appropriate control environment in respect of the management of petty cash.

Acknowledgements

Internal Audit acknowledges with thanks the co-operation received during this audit from staff in the Revenues Section of Housing & Community Care.

Control Objectives and Opinions

This section describes the purpose of the audit and summarises the results. A 'control objective' is a management objective that requires the maintenance of adequate and effective internal controls to ensure that it is achieved. Each control objective has been given a rating describing, on the basis of the audit work done, the actual strength of the internal controls found to be in place. Areas of good or poor practice are described where appropriate.

Control Objective: To ensure arrangements are in place to provide assurance of the management of petty cash.	
Auditor's Comments: The arrangements in place for the management of petty cash are adequate and are in accordance with the Council's procedures. Petty cash is being counted and reconciled on a regular basis. Key holders have been reviewed and updated to reflect the current management structure. Although a record is kept of any outstanding supporting documentation, this is not always followed up and obtained. There were a few instances where it is not clear whether using petty cash was the most appropriate method of procurement.	
Strength of Internal Controls:	Moderately strong

Management Action and Follow-Up

Responsibility for the maintenance of adequate and effective internal controls rests with management.

Where the audit has identified areas where a response by management is required, these are listed in Appendix 1, along with an indication of the importance of each 'action point'. Appendix 2 describes these action points in more detail, and records the action plan that has been developed by management in response to each point.

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It is management's responsibility to ensure that the action plan presented in this report is achievable and appropriate to the circumstances. Where a decision is taken not to act in response to this report, it is the responsibility of management to assess and accept the risks arising from non-implementation.

Achievement of the action plan is monitored through Internal Audit's 'follow up' arrangements.

Management should ensure that the relevant risk profiles are reviewed and updated where necessary to take account of the contents of Internal Audit reports. The completeness of risk profiles will be examined as part of Internal Audit's normal planned work.

Feedback

Internal Audit welcomes feedback from management, in connection with this audit or with the Internal Audit service in general.

Distribution

This Report will be issued, as a minimum, to:

B Malone, Chief Executive

J Walker, Executive Director, H&CC

J Symon, Head of Finance

A Taylor, Head of Finance & Support Services, H&CC

L Brady, Revenues & Benefits Service Manager, H&CC

A MacDonald, Revenues Manager, H&CC

G Harkin, Assistant Revenues Manager

G Taylor, Head of Democratic Services, Chief Executive's Service

P Dickson, Complaints & Governance Officer, Chief Executive's Service

External Audit

Authorisation

The auditor for this assignment was M Morrison, supervised by J Clark.

This report is authorised for issue:

Jacqueline Clark

Chief Internal Auditor

Date: 20 May 2014

Appendix 1: Summary of Action Points

No.	Action Point	Risk/Importance
1	Supporting documentation	Low
2	Use of petty cash	Low

Appendix 2: Action Plan

Action Point 1 - Supporting Documentation

Whilst a record is kept of petty cash reimbursements which are not fully supported by adequate documentation, the Revenues Section has not routinely followed up and ensured that the supporting documents are obtained.

Management Action Plan

The Revenues Section will obtain all appropriate supporting documentation for petty cash payments.

Importance:	Low
Responsible Officer:	G Harkin, Assistant Revenues Officer
Lead Service:	Housing & Community Care
Date for Completion (Month / Year):	June 2014
Required Evidence of Completion:	Supporting documentation is being obtained

Auditor's Comments

Satisfactory

Action Point 2 - Use of petty cash

There is evidence to suggest that petty cash is predominantly used in appropriate circumstances. However, there are instances where it is not clear whether using petty cash was the most appropriate method of procurement.

Prior to the audit, the Revenues Section were not aware that reviewing the appropriateness of the use of petty cash was part of their corporate governance role.

Management Action Plan

Where it is unclear whether petty cash is the most appropriate method of procurement, the Revenues Section will contact the relevant Service and request clarification.

Importance:	Low
Responsible Officer:	G Harkin
Lead Service:	Housing & Community Care
Date for Completion (Month / Year):	June 2014
Required Evidence of Completion:	Examples of requests for clarification

Auditor's Comments

Satisfactory