



*Cobb County...Expect the Best!*

***INTERNAL AUDIT DIVISION***

***Report Number 2011-013***

***Letter Report: Update of Petty Cash Policy  
Statement***

***April 25, 2011***

***Latona Thomas, CPA, Manager  
Miranda Wang, CPA, Staff Auditor I  
Barry Huff, Staff Auditor I***



## COBB COUNTY INTERNAL AUDIT


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*Division Manager*

April 25, 2011

TO: David Hankerson, County Manager

FROM: Latona Thomas, CPA, Manager 

SUBJECT: **Letter Report** – Update of Petty Cash Policy Statement

### ***Finding***

We issued an Audit Alert on Petty Cash Controls to remind management to be vigilant over the controls that regulate the processing of petty cash transactions. During this process, we determined that the Petty Cash Policy Statement (the Policy) and Accounts Payable Manual need to be updated to reflect previously agreed upon recommendations from our Review of Controls over Petty Cash, dated August 21, 2008. Those recommended changes are necessary to provide employees with the needed guidance to ensure petty cash purchases and requests for reimbursement are appropriate, properly processed and approved. We discussed this finding with Finance Department staff, and it is our understanding that changes to the documents are in process.

The Policy statement is the primary document that informs County departments and elected officials offices on how to implement and administer petty cash funds. The manual<sup>1</sup> instructs accounts payable employees on the proper way to process request for reimbursement vouchers to ensure proper approval and that reimbursement checks are issued to the proper payee. Addressing control weaknesses in the petty cash process will benefit the County by reducing the risk that errors go undetected and improprieties occur in the processing of petty cash expenditures.

### ***Recommendation***

We recommend the Finance Department implement the recommended changes to the Policy statement and manual as agreed by the previous Director. Once the changes are made to the Policy, the document should be posted to the intranet to assure its availability to petty cash fund custodians and managers.

### ***Response***

The Finance Director/Comptroller responded that updating the policy statement is in process. A final draft will be completed by May 15. Once completed, the statement will be posted to the intranet and included in the Cash Handling Manual. The complete response is attached.

Please contact me at (770) 528-2559 if you have questions or Barry G. Huff, Auditor-in-Charge, at (770) 528-2558.

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<sup>1</sup> The manual is for Finance Department use.

***Distribution***

James Pehrson, CPA, Finance Director/Comptroller  
Internal Audit Division File

## *Auditee Response*



### COBB COUNTY FINANCE DEPARTMENT

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James Pehrson, CPA  
Director/Comptroller

Latona Thomas  
Internal Audit Manager  
Cobb County Government

The Finance Department received Internal Audit's Draft Letter Report – Update of Petty Cash Policy Statement dated March 31, 2011. The report stated the current Petty Cash Policy needed to be updated and provide additional guidance. In response to this report the Finance Department has already begun updating the Petty Cash Policy Statement and has included Barry Huff of Internal Audit to review the proposed improvements to the Policy. The Finance Department will have final draft of the Petty Cash Policy completed and available for Internal Audit to review by May 15, 2011. Once the Policy has been reviewed it will be posted on the intranet and included in the Cash Handling Manual.

Thank you,

James D. Pehrson, CPA  
Director/Comptroller