



Regularity audit of petty cash administration

Committee Audit and Standards

Date of meeting 27 November 2020

Date of report 4 November 2020

Report by Assistant Chief Executive

1. Object of report

To advise the committee on the findings of a regularity audit of petty cash administration. This engagement is included in the annual Internal Audit plan for 2020/2021.

2. Background

Petty cash is a small amount of discretionary funds in the form of cash used for expenditure where other payment systems with supplier or procurement arrangements are not in place (creditors and procurement cards).

The Financial Regulations provide a control and compliance framework for petty cash administration.

The objective of this engagement was to review and evaluate petty cash administration controls.

This engagement tested elements of the internal controls and mitigation against SPT 22: Governance arrangements, as identified in the corporate risk register.

3. Outline of findings

Engagement testing found that petty cash is used for small value expenditure where other procurement arrangements are not in place. Petty cash expenditure is mostly incurred by operational service delivery areas.

Engagement testing (September 2020) identified a requirement to review and enhance procedural guidance and procurement card arrangements.

There are some areas for improvement, and these areas have been addressed by two recommendations.

Finance management have agreed to implement these recommendations, which are currently being actioned.

4. Conclusions

The Audit and Assurance team has undertaken a regularity audit of petty cash administration. Two recommendations have been agreed from this engagement.

Key controls exist and are applied consistently and effectively in most areas covered in this engagement.

Sound assurance in most areas can be taken from this engagement.

5. Committee action

The committee is asked to note the contents of this report and agree that the Audit and Assurance Manager submits a follow-up report on the implementation of the recommendations to a meeting in approximately six months.

6. Consequences

Policy consequences	<i>None.</i>
Legal consequences	<i>None.</i>
Financial consequences	<i>None.</i>
Personnel consequences	<i>None.</i>
Equalities consequences	<i>None.</i>
Risk consequences	<i>As detailed in the report.</i>

Name Valerie Davidson

Name Gordon Maclennan

Title Assistant Chief Executive

Title Chief Executive

For further information, please contact Iain McNicol, Audit and Assurance Manager on 0141 333 3195.

**Sound assurance
in most areas**

Agreed action plan: Regularity audit of petty cash administration

No.	Recommendation	Priority	Action Proposed	Lead Officer	Due date
1	<p><u>Procedural guidance</u></p> <p>Finance management should review petty cash administration arrangements and provide refresher training, where appropriate, on the following issues:</p> <ul style="list-style-type: none"> • physical security arrangements, controls should limited access to key officers; • independent checking requirements; • provision of cover arrangements; • record keeping requirements; • Financial Regulations compliance. <p>Access to documented procedures should be provided to all petty cash holders.</p> <p>Finance management should review current provision and seek to minimise petty cash holdings across all services.</p> <p>Finance management should arrange to close the petty cash account held at the Broomloan office.</p>	Low	<p>Designated petty cash holders will be provided with refresher training and support on the Financial Regulations and petty cash procedures for adherence.</p> <p>Petty cash holdings will be reviewed.</p> <p>The petty cash account held at the Broomloan office will be withdrawn.</p>	<p>Chief Accountant</p> <p>Chief Accountant</p> <p>Chief Accountant</p>	<p>December 2020</p> <p>November 2020</p> <p>November 2020</p>

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2	<p><u>Procurement cards</u></p> <p>Procurements cards should be timeously withdrawn/suspended/amended to reflect changes to service delivery.</p> <p>Finance management should arrange to:</p> <ul style="list-style-type: none"> • refresh instructions to procurement card holders and line managers on any changes; • review procurement card administration including authorised limits, expenditure types and number of cardholders across all areas of service delivery. 	Low	List of procurement cards held will be regularly reviewed/refreshed, with instructions provided to designated cardholders.	Chief Accountant	December 2020