

DEPARTMENTAL CONTROL REVIEW – REVOLVING FUND
[DEPT./AGENCY NAME & AUDIT NO.]
AUDIT PROGRAM
YE XX/XX/XX

W/P Ref.	Performed By
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REVIEW OBJECTIVES:		
<p>Determine whether internal controls over the revolving funds (including travel cash advances) are adequate to ensure:</p> <ul style="list-style-type: none"> ◆ Revolving funds are adequately safeguarded. ◆ Revolving fund transactions are processed in accordance with CAP #2 – <u>Revolving Cash Fund (Petty Cash)</u> & CAP #4 <u>Cash Advance Revolving Fund</u>. ◆ Revolving funds transactions are properly authorized and recorded completely, accurately, and timely. 		
A. REPORT SECTION		
<p>1. FINAL REPORT Prepare a final report. Include auditee responses to the audit findings and recommendations in the final report. Also attach the signed copy of the responses when distributing the final report. Be sure to have final report and responses proof-read prior to distribution.</p> <p>2. COMMENT ON MANAGEMENT REPONSES Review responses received from dept./agency management. Prepare a w/p discussing the appropriateness of management’s responses to the recommendations contained in the draft report.</p> <p>3. EXIT DRAFT REPORT Prepare an exit draft report. If the exit draft report needs to be re-submitted with revisions to the auditee, include a copy of the revised exit draft report.</p> <p>4. INITIAL & REFERENCE DRAFT REPORT Prepare initial draft of the report. Cross reference findings to work papers.</p>		
B ADMINISTRATION SECTION		
<p>1. JOB ADMINISTRATION Complete the assignment sheet and budget information on Audit Docket upon opening of assignment. Update Audit Docket weekly to reflect current audit status, including milestones.</p> <p>2. TIME/BUDGET MONITORING Prepare an initial budget upon opening assignment. If necessary, prepare a time/budget summary to monitor fieldwork progress.</p> <p>3. BUDGET REVISIONS If necessary, prepare a budget revision. The need for budget revisions (hours and completion date) should be identified and discussed with the Manager as soon as possible in the audit process.</p> <p>4. QUALITY ASSURANCE</p> <ol style="list-style-type: none"> 1. Complete the Audit Planning Checklist after the final scope has been determined. 2. Complete the Audit Program checklist after the final audit program has been written. 3. Complete the Audit Workpaper Checklist at the end of the audit. 4. Complete the Audit Closing Procedures Checklist after the final report has been issued. 		

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C. WRAP-UP MEMO		
<p>Prepare a wrap-up memo. Include comments about issues encountered:</p> <ul style="list-style-type: none"> • Future program and/or approach changes • Comments on the audit scope • Other comments of future benefit 		
D. AUDIT PROGRAM		
<p>Prepare the audit program. Obtain approval of the draft audit program before the related work begins, or as soon as possible thereafter. Revise the program as necessary throughout the fieldwork.</p>		
E. FINDINGS		
<p>1. FINDING SUMMARY Use a control sheet to assign abstract numbers, to summarize abstract topics and dispositions, and to reference the finding abstract. Document the disposition of each potential finding.</p> <p>2. FINDING ABSTRACTS Prepare abstracts of potential audit findings. Ensure abstracts adequately develop and contain the Condition, Cause, Effect, Criteria, Recommendation, and Discussion. Cross-reference the abstract to the w/p(s) where the finding originated.</p>		
F. PLANNING/CORRESPONDENCE		
<p>1. PRE-AUDIT MEETING Conduct a pre-audit meeting with the Audit Manager, In-Charge, and Audit Staff. Discuss audit goals, approach, scope, CPA qualifying time, timing, etc.</p> <p>2. INITIAL CONTACT WITH DEPT./AGENCY Audit Manager should make initial contact. Discuss the following:</p> <ul style="list-style-type: none"> ▪ Name/title of initial contact ▪ Number of sites with revolving/petty cash funds & fund amounts ▪ Fund custodians names/phone numbers ▪ Duration of fieldwork, deliverable, communications, etc. ▪ Inquire if mgmt. has any concerns or issues we should consider during the audit, and document the disposition of each concern/issue. <p>3. ENTRANCE LETTER Send an entrance letter signed by the Audit Manager confirming our intent to conduct a review. Ask the contact person to provide the names of individuals who should be copied (cc'd) on the letter. (Entrance Conference is typically not needed for this type of engagement.)</p>		

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F. PLANNING/CORRESPONDENCE, Cont.		
<p>4. EXIT MEETING Conduct a pre-exit meeting with the auditee (and an exit meeting if necessary.) Discuss the draft audit report and discussion items. Document the results of the meeting.</p> <p>5. MANAGEMENT REPRESENTATION LETTER Prepare a Management Representation Letter for the assignment. Discuss the letter at the entrance conference and obtain the letter signed by management at the end of fieldwork.</p> <p>6. CORRESPONDENCE Include any other correspondence related to this assignment.</p>		
G. BACKGROUND/SURVEY		
<p>1. FUND LOCATIONS/CONTACTS Document the total authorized revolving fund amount for the dept./agency under review. Obtain or prepare a list of all locations with petty cash/revolving funds. Include amounts allocated as cash and checking accounts, and responsible individuals (fund custodians).</p> <p>2. OVERVIEW OF REVOLVING FUND ACTIVITY Through CAPS/GFNS, with assistance from A/C Claims, determine the vendor codes for all petty cash/revolving fund transactions for the dept./agency. To gain an understanding of the volume of revolving fund activity, obtain a transaction history of replenishments processed during the audit period and review for the amount and frequency of replenishments. Document your results.</p> <p>3. REVIEW PRIOR AUDITS Review prior audits of the dept./agency, including cash losses, for significant comments and/or concerns related to revolving funds.</p> <p>4. AUTHORIZED SIGNATURES Obtain a current list of authorized signers for individuals who can approve County expenditures and approve replenishment requests. Also obtain current bank signature lists/cards indicating authorized check signers. This information will be used during testing of transactions.</p> <p>5. SCOPE & APPROACH</p> <ul style="list-style-type: none"> ▪ Based on information obtained in this Section, document the general scope for this assignment and the locations to be included in the review. Include the basis for the determination of the scope. ▪ Develop a testing approach to determine effectiveness of key revolving fund controls. 		

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- Obtain approval from the Audit Manager **before** you begin testing.

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H. TESTS

1. SUMMARY

Based upon the work performed, document your assessment of internal controls over revolving funds. The evaluation should summarize the audit findings for this cycle and conclude on the objectives for this review.

2. SURPRISE COUNT OF REVOLVING FUND

Observe a surprise count of the revolving fund. Be sure the fund custodian accounts for the total authorized fund amount (may consist of cash, checking account, and vouchers not yet submitted for replenishment). Document the results of the surprise count. Inquire of any other prior surprise counts and examine any related documentation.

3. ICQ & SEGREGATION OF DUTIES MATRIX

Complete an internal control questionnaire (ICQ) and segregation of duties matrix with the manager/supervisor in charge of revolving funds. Document how your evidence was obtained on the ICQ (inquiry, observation, limited testing).

4. TESTING OF TRANSACTIONS

From the replenishment transaction history obtained in Step G-2 above, judgmentally select a sample of ____ replenishments processed during the audit period. From each replenishment, judgmentally select a sample of ____ revolving fund transactions for testing. If there are outlying fund locations, include sample transactions from those locations. Perform the following tests:

- a. Verify petty cash voucher and related replenishment request was properly authorized by an individual with no other revolving fund duties.
- b. Verify the expenditure and replenishment request were approved by an individual on the authorized signature list.
- c. Verify the person who signed the voucher was not the same person who signed the check.
- d. Verify the check was signed by an individual on the authorized bank signature list/card.
- e. Verify the petty cash voucher agreed to supporting documentation (amount, payee, etc.).
- f. Verify the supporting documentation was original (not copied or fax) or was appropriately certified by the dept./agency.
- g. Verify the supporting documentation was properly canceled (e.g. stamped as "Paid").
- h. Review the expenditure for appropriateness based on CAP 2 criteria.

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H. TESTS, Cont.

5. RECONCILIATION TESTING

A. Bank Statement Reconciliation

Judgmentally select 3 bank statement reconciliations prepared during the audit period. Perform the following tests:

1. Review the reconciliation for mathematical accuracy and completeness (no unreconciled differences).
2. Trace and agree bank and book balance per the reconciliation to the actual bank statement and checkbook.
3. Review reconciling items for reasonableness and trace to supporting documentation (e.g. deposits in transit, outstanding checks, etc.)
4. Obtain an explanation for any long outstanding items.
5. Confirm an individual with no other revolving fund duties prepared the reconciliation.
6. Observe management's review of the reconciliation was documented.
7. Observed the reconciliation was performed timely.

Include the reconciliations in the workpapers.

B. Revolving Fund Reconciliation

Select the 3 most recent revolving fund reconciliations (e.g. reconciliation of revolving fund amount to checking account balance, cash balance, outstanding vouchers, & unprocessed reimbursement requests). Perform the following tests:

1. Review the reconciliation for mathematical accuracy and completeness (no unreconciled differences).
2. Trace and agree amounts per the reconciliation to appropriate source documentation (e.g. checkbook, vouchers, etc.).
3. Obtain an explanation for any long outstanding, unreconciled items.
4. Confirm an individual with no other revolving fund duties prepared the reconciliation.
5. Observe management's review of the reconciliation was documented.
6. Observe the reconciliation was performed timely (at each replenishment, or at least monthly).

Include the reconciliations in the workpapers.