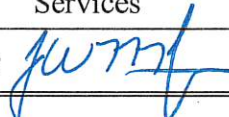




POLICY AND PROCEDURE

Subject: Petty Cash	Index: Finance Number: 201-3
Effective Date: July 1, 2018	Prepared By: Finance & Administrative Services
Supersedes: April 1, 2009	Approved By: 

1.0 PURPOSE:

To provide policy on the procedures of creating a petty cash fund, disbursements from the petty cash fund and the custodian of the petty cash fund.

2.0 ORGANIZATIONS AFFECTED:

All departments/divisions.

3.0 REFERENCES:

Policy and Procedures Reimbursement of Employee Expenses #201-4

4.0 POLICY:

4.1 **Creation of New Petty Cash Funds** - Any department may seek creation or changes to the authorized amount of petty cash fund by request to the Assistant City Manager. When creating a new petty cash fund, the purchase requisition process is used for initial funding.

5.0 DEFINITIONS:

5.1 **PETTY CASH** - A sum of money set aside on an imprest basis to make change or to pay small obligations for which the issuance of a formal voucher and check would be too expensive and time consuming.

5.2 **VOUCHER** - A written document that evidences the propriety of transactions and usually indicates the accounts in which they are to be recorded.

6.0 PROCEDURE:

6.1 Certain City departments have petty cash funds or cash drawers. Petty cash funds are established by the Assistant City Manager, who also sets, increases and

decreases the amount of each petty cash fund or drawer. Documents relating to the petty cash funds are forwarded to the Finance Division and petty cash is accounted for in each general ledger system.

6.2 Petty Cash Funds

6.2.1	Finance Drawers and Petty Cash	\$2,300
6.2.2	C.A.S.A. Petty Cash	200
6.2.3	Water/Sewer Petty Cash	250
6.2.4	Street Maintenance Petty Cash	200
6.2.5	Recreation Petty Cash	550
6.2.6	Aquatics Center - Cash Drawer	800
6.2.7	Ole Hanson Beach Club Cash Drawer	200
6.2.8	Marine Safety Petty Cash	200
6.2.9	Emergency Operations – Petty Cash	<u>200</u>
	Total:	<u>\$4,900</u>

6.3 Fund Custodian - For each such fund, an individual is appointed “custodian” by the Department Head. The Department Head reports this appointment to the Finance Manager or designee, who tracks and audits these funds. The fund custodian is responsible for the physical security of the petty cash fund. The custodian cannot be the person who processes invoices for payment, signs checks or performs general accounting. Whenever an individual’s appointment as fund custodian is terminated, the fund is replenished and all petty cash is turned over to the Finance Division pending appointment of a new custodian.

6.4 Uses and Limitations - Petty cash is used for small incidental expenditures which would be impractical to process through the purchase order system and are limited to \$100.00. Reimbursements for more than \$50 related to Employee Expenses (travel costs, mileage, etc.) should not be reimbursed from petty cash, but follow Policy and Procedure #201-4 for reimbursement through the accounts payable process.

Finance cash drawer includes a \$300 small bills exchange drawer for instances where small change is needed. Finance has also included an extra \$250 drawer that may be used in the future for loan to Recreation, Police or the Coastal Animal Service Authority to make change at public events.

6.5 **Petty Cash Advances** - A petty cash voucher must be prepared and signed by an individual seeking a cash advance for an anticipated expense. In the event the cash advance is short of the actual expenditure, the employee may request reimbursement for the shortfall. If the cash advance is greater than the actual expenditure, the employee must promptly refund the difference. In either case the employee, within 24 hours, must provide the custodian of the fund a receipt for which the money was advanced and return any unused funds.

6.6 **Reimbursement** - Each petty cash voucher must show the amount and date of cash disbursement, the name of the individual receiving the money, the account number to be charged, the purpose of the expenditure, and the approval of the department head, division manager or designee. A voucher is not valid unless signed by the individual who receives the money. Two different signatures are required, one by the person receiving the reimbursement and another by the appropriate approver as mentioned above. Receipts must accompany a completed petty cash voucher in order to obtain reimbursement.

To process petty cash receipts for reimbursement the custodian does the following:

6.6.1 Enter all petty cash receipts onto an Excel spread sheet showing date, account coding, and amount.

6.6.2 On the excel spreadsheet, also show breakdown of cash remaining in petty cash box. Add total of receipts to cash left in box and total must equal the amount of petty cash assigned to the particular location.

6.6.3 The total package is then given to the Finance Division for approval and forwarded to Accounts Payable for reimbursement.

6.7 **Replenishment** - As needed, the petty cash fund is replenished by submitting a requisition to the Finance Division with a reconciliation of the fund balance. At this time, the custodian is responsible for totaling the amount of cash on hand with the amount of the fund.

6.8 **Audits** - Annual internal audits will be performed by the Finance Division.