



FISCAL POLICY MANUAL

POLICY C-1: Policy for Petty Cash
APPROVED: Auditor-Controller-Treasurer-Tax Collector (ACTTC)
AUTHORITY: Auditor-Controller-Treasurer-Tax Collector (ACTTC)
Board Resolution No.56852 dated 3-08-77
CA Govt. Code 29320-29334
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DEFINITION: Imprest Funds (Petty Cash, Change Funds, Stamp Funds) is a sum of money authorized by the ACTTC and securely kept in Departments for making change or paying small obligations for which the issuance of a warrant would be too expensive and time consuming.

I. PURPOSE

Many County departments maintain a petty cash fund for emergency expenditures where it is impractical to be billed or have a warrant issued in advance, or maintain a change fund for facilitating day-to-day operating activities, typically in a public counter environment. The purpose of this document is to specify the policy and procedure for the establishment, administration, and custodianship of such funds.

II. POLICY

Each department is responsible for developing and maintaining written internal control procedures for their petty cash and change funds prior to the approval and establishment of such accounts. These procedures and Petty Cash Funds are subject to review and audit by the ACTTC.

A. Unauthorized Uses

Petty Cash funds must only be used for its intended purpose as defined by this policy. Petty Cash expenditures will be limited to goods and reimbursements, which are legal charges against the County. Petty Cash purchases shall not be used to circumvent the procurement policies and procedures established by the County, or violate any ordinances, and resolutions authorized by the Board of Supervisors.

B. Documentation

Petty Cash disbursements must be properly documented and verified that they are for a valid County business expense. Receipts should be itemized and include a description of the business purpose of the transaction, goods purchased, the purchase date, and the appropriate authorization. Travel reimbursements must include an approved Travel Authorization form.

C. Custodian

Departments must appoint a custodian for the Petty Cash/Change fund, who will be responsible for the safekeeping and disbursements of the fund. Changes in custodians must be reported to the ACTTC. Checks to replenish the petty cash fund will be made payable to the appointed custodian. The custodian must be a permanent full-time employee and will be

responsible for reconciling the petty cash fund monthly (weekly for active funds). The reconciliation must be documented and reviewed by the custodian's supervisor or an employee of higher authority. Departmental written instructions detailing the procedures that must be followed in using petty cash funds should be provided to the custodian.

III. RESPONSIBILITIES

To request a petty cash fund a Department should complete written procedures over the internal control and disbursement of funds. These procedures should be provided to the ACTTC Claims section Supervising Accountant, along with a letter from the requesting Department Head addressed to the Auditor-Controller Treasurer Tax-Collector explaining the purpose and need for the Petty Cash Fund. Procedures will be reviewed, and once approved a recommendation will be made to the Auditor-Controller Treasurer-Tax Collector to authorize the fund.

When a petty cash fund has been authorized for a Department, staff becomes responsible for following the procedures and guidelines administered by the Accounting Division of the ACTTC.

A. Set Up

The following steps must be taken to set up a petty cash fund:

- a. Department Head submits a written request to the County Auditor to establish a petty cash fund, providing the specific purpose or need, and justification for requested amount.
- b. Once approved, the original request letter with the County Auditor's approving signature is attached to a white claim with an established petty cash custodian vendor number, and established subsidiary number assigned to GL 102 - Imprest Petty Cash, using TC 230 on the white claim for the pre-approved amount.
- c. White claim must be signed by the Department assigned petty cash custodian.
- d. Claims payment warrant is then cashed by the petty cash custodian, and monies kept in a secure location during business hours and locked in a vault or other locked area during non-working hours.
- e. Petty Cash reimbursement claims must have attached original itemized receipts, travel authorizations, and support that funds were paid out, just like all other claims payment requests.
- f. Requests to increase, decrease, or eliminate existing petty cash funds, must be submitted in writing to the County Auditor-Controller-Treasurer-Tax Collector's (ACTTC) from the Department/Agency Head. All of these written requests must provide an explanation for the type of change requested.
- g. Departments should establish internal petty cash reimbursement guidelines with procedures and forms appropriate to the purpose of the petty cash fund. The Auditor's office recommends a \$50 maximum for each petty cash reimbursement

request by an individual employee. Reimbursement requests over that amount should be reimbursed via White Claim.

B. Physical Security

When the petty cash fund's currency is not being used, it must be placed in a safe or locked receptacle, which is kept in a properly secured area.

In the event of theft, the loss must be reported immediately to the County Sheriff or appropriate police agency, and a Report of Cash Difference form must be prepared immediately and sent to the Auditor's office.

Petty Cash funds are not to be borrowed by individual employees for any length of time, and daily cash counts should be conducted.

C. Change in Custodian:

When custody of a petty cash fund is transferred to another custodian, the existing petty cash fund should be turned in and a reconciliation performed to ensure that the total of the cash and the receipts equal the specified amount of the fund, and that the new custodian is aware of his/her specific responsibilities related to custody of the petty cash fund. This reconciliation should be agreed and documented by both parties.

A petty cash change of custodian requires a vendor change form be completed and recorded in FAMIS, for establishing the new custodian.

D. Report of Cash Difference Form:

In accordance with CA Government Code Section 29373, in a department or agency with a cash difference fund, the director or department head, shall be provided with a written report setting forth the exact sum of any petty cash deficit or overage by the close of each business day. The report shall be prepared by the custodian of the petty cash fund, as directed by this code section. Failure to report any petty cash deficit or overage at the close of the business day, in which it occurred, is a violation of this article.

E. Annual Report:

The ACTTC will render a written report and give an account to the Board of Supervisors of any petty cash fund differences at the end of each fiscal year, and at such other times as the Board directs, or when the ACTTC determines is necessary. The annual report will contain a summary of petty cash fund differences, establishments, increases, reductions, transfers, and discontinuances requested and received by each county department/agency.