

PETTY CASH POLICY

Purpose

The purpose of this policy is to provide users with detailed procedures regarding the establishment and administration of a departmental petty cash fund. Petty cash disbursements should only be used for small incidental expenditures and not as a method to bypass the District's Accounts Payable and Purchasing System. The majority of petty cash funds are established to enable departments to make small, emergency purchases where a purchase order is not cost effective or a purchasing card cannot be used. Therefore, the purpose of a petty cash fund is to provide departments with ready cash for the payment of various small expenditures, such as postage, highway tolls, parking fees, and the like.

Restrictions

The petty cash fund should not be used to:

- Purchase goods currently covered by the District's negotiated contracts.
- Pay personal services (i.e. typing, photography, entertainers, caterers, etc.) that would be considered either wages or independent contractor payments. All payments for personal services must be paid through either the payroll system as wages, or accounts payable system.
- Pay travel expenditures (such as hotel, mileage, registration fees, etc.), except for local travel where amounts do not exceed \$50.
- Reimburse expenditures greater than \$50.
- Serve as a check-cashing fund.
- Sales tax.

The District is exempt from state sales tax. It is the employee/purchaser's responsibility to inform the merchant at the point of sale that he/she is using District funds that are exempt from state sales tax and provide a sales tax exemption form. Contact Purchasing or Finance to obtain the sales tax exemption form.

The Finance Department reserves the right to deny reimbursement for non allowable expenditures. The above list is not meant to be all-inclusive. If an employee is not sure of the propriety of the expenditure, please call the Finance Department in advance of making the purchase.

Establishing A Fund

The Budget Center Head should submit a request to the Finance Department to establish a petty cash fund. The Finance Department may reject or adjust any request for a petty cash fund. Upon approval, a check will be issued to the petty cash custodian for the imprest amount. The following departments have established petty cash:

Finance Department	\$950
Easterly WWTP	\$150
Southerly WWTP	\$150
Westerly WWTP	\$150
Inventory	\$150
Vehicle Maintenance	\$150
EMSC	\$150
Building Maintenance	\$150

Maintaining the Fund

- Departments are responsible for adequate security and control of their petty cash fund.
- The Cash should be kept in a secured, locked location.
- Only the custodian and the department head or designee should have access to the keys.
- The custodian is held responsible for maintaining the petty cash fund and reconciling the fund on a regular basis.
- A petty cash receipt must be completed to document the disbursement of cash. The receipt should show amount withdrawn, the purpose, the date, account to be charged, a signature of receiving individual and custodian signature of approval.
- The receipts, plus cash on hand, should equal the total amount of the fund at all times.
- The fund is subject to an internal audit and/or audit by our independent public accounting firm at any time without prior notice.
- To establish or change the custodian of the fund, the Department Head or designee should submit a written letter to the Finance Department.

Responsibilities of the Custodian

- To ensure that the fund is used to cover only those expense reimbursements for which it is not possible, or is infeasible, to use normal purchasing methods such as the P-Card or purchase order.
- To enforce District policy regarding sales tax, which is not reimbursable.
- Responsible for reporting all instances of loss of funds, including filing a report with District Security as soon as the loss is discovered.

Reimbursement of the Fund

- Original receipts (i.e., cash register, credit card, store, parking receipt, etc.) should be submitted to the custodian for reimbursement; if there are no receipts, individual must complete an affidavit.
- The custodian should complete a receipt acknowledging the individual was reimbursed. The receipt should include the date, amount, account to charge, individual signature as well as the custodian signature for approval.
- When the fund needs to be replenished, the custodian should perform a reconciliation (using the petty cash count sheet) and send it, along with the vouchers and original receipts, to the petty cash coordinator in the Finance

Department. The request will be audited to ensure that proper documentation has been provided.

Changes in Petty Cash Fund

- An increase to the fund requires a written request to the Finance Director stating the reason for the increase. The increase also requires Senior Staff approval.
- Contact the Finance Director to close or decrease the petty cash fund.

Missing Petty Cash

Because no insurance is available to cover losses from the fund, theft and any other losses of petty cash are the responsibility of the department. In the event that petty cash is missing, the following procedures should be followed:

- Immediately notify the Department manager and indicate the amount stolen.
- Inform the Director of Finance.
- Complete a report with District Security.

Other Concerns

Failure to comply with these Internal Audit guidelines may result in the closing of the petty cash fund.