

SOPP # 755	<u>Prepared By:</u> Financial Reporting & Accounting Operations
<u>Effective Date:</u> 12/23/2021	<u>Approved By:</u> Commissioner of Finance
Title	Petty Cash/Imprest Funds
Purpose	To establish the controls governing the use of imprest or petty cash funds. For the purpose of this policy the terms petty cash and imprest funds are utilized interchangeably.
Policy	<ol style="list-style-type: none"> 1. Expenditures made from petty cash must be for goods and services that, because of their nature, and/or the urgency are connected with their <u>minor miscellaneous</u> purchase. All other purchases must be processed through the regular procurement and/or disbursement process. No petty cash funds shall be used for the reimbursement(s) of travel expenses that require the submission of a Travel Report or Government Travel Request form (GTR). 2. Large petty cash or imprest cash fund expenses must be approved by the Commissioner of Finance. 3. Petty cash must not be comingled with other collections. It must be kept separated and secured by a petty cash cashier or custodian. 4. Petty cash budgets do not exceed \$1,000 unless special permission is requested and approved by the Commissioner of Finance. Special conditions for Imprest Funds budgets may vary from the \$1,000 threshold. 5. Only \$500.00 can be issued at one given time for petty cash purchase. If there is a need to exceed this amount, it must be approved and justified, in writing, by the Agency Head. 6. The use of a personal credit card for reimbursement must be approved by Agency Head, certified by the Custodial. In these cases, it would have been more economical and reasonable to purchase a tire and repair, rather than have another employee travel with cash from the agency/department is a valid reason. Finance will be very strict on this provision. 7. The Custodial(s) (person handling the cash) and Fiscal officer (processing receipts for reimbursement in GVI system) must be kept separate.

8. CFOs or Fiscal Leads must monitor this process at their respective agencies for proper internal controls to avoid fraud.

9. All disbursements from petty cash are subject to the same budgetary or fund limitations and controls as any other

10. Expenditures made by the department or agency.

Checks to establish and replenish the fund are to be made out to the person in charge of the fund, e.g., Mr. John Peters –Petty Cashier but **never** to the order of **CASH. (Be aware of the vendor file when establishing the invoice entry.)**

10. The person in charge of the petty cash has sole control of the money and is the only one authorized to issue cash from the cash pan. In the absence of this person, the agency head must appoint someone for that period and have this communication in writing. That person must accept that email and agree to the responsibilities of the Custodian. In addition, petty cash must be reconciled and signed by the main Custodian and individual taking over that responsibility for that period.

11. Petty cash funds must be kept in a locked cash box that is placed in a locked safe or locked cabinet.

12. **All payments** made from the fund must be reported on petty cash vouchers signed and dated by the recipient of the funds.

13. Petty cash vouchers must **always**

- a. be completed in ink,
- b. show the details of the payment to provide an audit trail for the fund, and
- c. be signed and dated by the person receiving the cash reimbursement.

14. Incoming cash revenue received from routine business operations must never be used for payment of expenses.

15. When a disbursement is made from petty cash, the custodian's approval must appear on a pre-numbered petty cash request form.

16. ~~The total original disbursement of funds to the petty cash~~

	<p>custodian, plus the total reimbursed petty cash vouchers, andreceipts that represent actual expenditures must be equivalent to the total amount of the petty cash funds available funds.</p>
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<p>Responsibilities</p>	<p>Department and Agencies</p> <p><u>The Custodian is responsible for the following:</u></p> <ol style="list-style-type: none"> 1. Hold the petty cash amount in a safe place for the imprest fund to be secured. 2. Maintain all receipts of purchases that are legible and support reimbursements. 3. Restore the imprest amount when the funds are depleting unless closing out. 4. Start the petty cash with the original amount at the beginning of the month to ensure that the funding is maintained. 5. Approving each petty cash disbursement on a pre-numbered petty cash request form or also called a voucher form. 6. Petty Cash custodian will sign as well as the person receiving the reimbursement will sign to validate the purchases. 7. Secure the pre-numbered or voucher form for reconciliations. 8. Ensuring that the total actual cash in the fund, plus the total reimbursed petty cash forms and receipts, represent actual expenditures equal to the total amount of petty cash original disbursed. 9. Ensure that the funds are utilized solely for governmental services. 10. Preparing and maintaining a standardized spreadsheet (or reconciliation report) that captures all transactions along with supporting documentation affecting the petty cash funds. <p>CFO/Fiscal Lead must:</p> <ol style="list-style-type: none"> 1. Conduct occasional internal audits of the petty cash funds. <p>Department of Finance must;</p> <ol style="list-style-type: none"> 1. Provide replenishments to the Petty Cash funds through an approved invoice batch in the name of the petty cash custodian. 2. Require agencies and departments to reconcile or give an account of any activity before approval of a new custodian.
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Procedures	<u>Departments and Agencies</u>
	<p data-bbox="605 264 829 296">Custodian will:</p> <ol data-bbox="605 302 1424 1283" style="list-style-type: none"> <li data-bbox="605 302 1424 373">1. Disburse petty cash funds based on pre-determined governmental rules and regulations or criteria. <li data-bbox="605 415 1424 877">2. Prepare and update daily a log (spreadsheet) of all disbursements made from the petty cash fund to show the following from each voucher <ul data-bbox="699 520 1424 877" style="list-style-type: none"> <li data-bbox="699 520 1019 552">• name of the payee; <li data-bbox="699 558 1159 590">• date and amount of payment; <li data-bbox="699 596 1424 627">• brief description of the purpose of the payment; <li data-bbox="699 634 1308 705">• the correct General Ledger (GL) charge code foreach expense; <li data-bbox="699 711 1424 743">• the total of all the expenses on the spreadsheet; <li data-bbox="699 749 1279 810">• the sum of the total expenses and the cash onhand; <li data-bbox="699 816 1300 877">• the initial amount of the petty cash; and anyvariances (overage/shortage). <li data-bbox="605 919 1424 1056">3. Prepare a petty cash reimbursement schedule when the allocated petty cash balance is at least 60% expended, to receive a replenishment check in a timely manner. <li data-bbox="605 1098 1424 1203">4. Ensure that the check request is for the exact amount of pre-numbered vouchers that are submitted as evidence ofactual expenditures. <li data-bbox="605 1245 1317 1283">5. Explain in writing their findings if any variances. <p data-bbox="493 1325 1263 1356">Department or Agencies Accounting Divisions will:</p> <ol data-bbox="605 1398 1424 1938" style="list-style-type: none"> <li data-bbox="605 1398 1424 1535">6. Enter the check request transaction into the accounts payable section of the ERP system. The expenses must be summarized and charged to the appropriate accounts. <li data-bbox="605 1577 1424 1682">7. Attach the log or the petty cash reimbursement schedule and all the detailed petty cash vouchers and receipts to thecheck request. <li data-bbox="605 1724 1424 1795">8. Assign this check to the general cash account for thereimbursement of petty cash. <li data-bbox="605 1837 1424 1938">9. Reconcile all expenses made to the petty cash custodianprior to requesting a name change for a new custodianthrough Finance Department.

10. For petty cash balances that are unreconciled at any given period, the agency will have to provide a written letter to the Commissioner explaining the sequence of events that led to the shortage, and steps to rectify the issue will be presented at that time.

Department of Finance:

Director of Accounting and the Director of Treasury will:

1. Review the variances for appropriate action.

Voucher Examiners will:

1. Review the petty cash vouchers and log to ensure that all expenses are allowable.
2. Ensure that the correct GL charge codes have been assigned.
3. Approve and release for check processing, a check payable to the **Petty Cash Custodian and the department.**

Accountant – General Ledger will:

1. Make necessary corrections to the assigned GL accounts and summarize the charges by each account.

Revision History

Revision #	Date	Description of changes	Requested By
0	04/07/09	Initial Release	CB,JL,PA
1	08/04/09	Review	VC
2	03/04/10	Review and update	AED,JL
3	08/12/16	Review and update	CF,VC
4	03/10/20	Review and update	CF,ES,CME
5	12/22/21	Review and update	ES,CME,BB
6	12/23/21	Approved	BB