

<b>SOPP # 755</b>	<b><u>Prepared By:</u> Financial Reporting &amp; Accounting Operations</b>
<b><u>Effective Date:</u> August 2016</b>	<b><u>Approved By:</u> Commissioner of Finance</b>
<b>Title</b>	<b>Petty Cash/Imprest Funds</b>
<b>Purpose</b>	To establish the controls governing the use of imprest and petty cash funds.
<b>Policy</b>	<ol style="list-style-type: none"> <li>1. Expenditures made from petty cash must be for goods and services that, because of their nature, and/or the urgency connected with their <b>minor</b> acquisition. 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).</li> <li>2. Petty cash must not be comingled with other collections. It must be kept separated and secured.</li> <li>3. Petty cash budgets <b>do not exceed \$1,000</b> unless special permission is requested and approved by Commissioner of Finance. Special conditions for Imprest Funds budgets may vary from the \$1,000 threshold.</li> <li>4. Only \$500.00 can be issued at one given time for petty a cash purchase. If there is a need to exceed this amount, it must be approved and justified by Agency Head.</li> <li>5. The use of a personal credit card for reimbursement must be approved by Agency Head, certified by 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 agency/department is a valid reason. Finance will be very strict on this provision.</li> <li>6. The Custodial(s) (person handling the cash) and fiscal (processing receipts for reimbursement in GVI system) must be kept separate.</li> <li>7. CFOs or Fiscal Leads must monitor this process at their respective agencies for proper internal controls to avoid fraud.</li> <li>8. All disbursements from petty cash are subject to the same budgetary or fund limitations and controls as any other expenditure made by the department or agency.</li> <li>9. Checks to establish and to replenish the fund are to be made out</li> </ol>

	<p>to the person in charge of the fund, e.g., <b>Mr. John Peters – Petty Cashier</b> but <b>never</b> to the order of <b>CASH. (Be aware of</b></p> <p>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, 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 Custodial. In addition, petty cash must be reconciled and signed by main Custodial and individual taking over that responsibility for that period.</p> <p>11. Petty cash funds must be kept in a locked cash box that is placed in a locked safe or locked cabinet.</p> <p>12. <b>All payments</b> made from the fund must be covered by petty cash vouchers signed and dated by the person who receives the money.</p> <p>13. Petty cash vouchers must <b>always</b></p> <ul style="list-style-type: none"> <li>a. be completed in ink,</li> <li>b. show the details of the payment to provide an audit trail for the fund, and</li> <li>c. be signed and dated by the person receiving the cash reimbursement.</li> </ul> <p>14. Incoming cash revenue received from routine business operations must never be used for payment of expenses.</p> <p>15. When a disbursement is made from petty cash, the custodian’s approval must appear on a pre-numbered petty cash request form.</p> <p>16. The total original disbursement of funds to the petty cash custodian, plus the total reimbursed petty cash forms, and receipts that represents actual expenditures must be equivalent to the total amount of the petty cash funds available funds.</p>
<p><b>Responsibilities</b></p>	<p>1. Department and Agencies</p> <p><b><u>The Custodian is responsible for:</u></b></p> <p>2. Approving each petty cash disbursement on a pre-numbered petty cash request form.</p> <p>3. Ensuring that the total actual cash in the fund, plus the total reimbursed petty cash forms and receipts, represent actual expenditures equals to the total amount of petty cash original disbursed.</p>

	<p>4. Preparing and maintaining a standardized spreadsheet (or reconciliation report) that captures all transactions along with supporting documentation affecting the petty cash funds.</p> <p><b>CFO/Fiscal Lead must:</b></p> <p>5. Conduct occasional internal audits of the petty cash funds.</p> <p><b>Department of Finance must;</b></p> <p>6. Provide replenishments to the Petty Cash funds through an approved invoice batch in the name of the petty cash custodian.</p> <p>7. Require agencies and departments to reconcile or give an account of any activity before approval of a new custodian.</p>
<p><b>Procedures</b></p>	<p><b><u>Departments and Agencies</u></b></p> <p><b>Custodian will:</b></p> <ol style="list-style-type: none"> <li>1. Disburse petty cash funds based on pre-determined governmental rules and regulations or criteria.</li> <li>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 style="list-style-type: none"> <li>• name of payee;</li> <li>• date and amount of payment;</li> <li>• brief description of the purpose of the payment;</li> <li>• the correct General Ledger (GL) charge code for each expense;</li> <li>• the total of all the expenses on the spreadsheet;</li> <li>• the sum of the total expenses and the cash on hand;</li> <li>• the initial amount of the petty cash; and any variances (overage/shortage).</li> </ul> </li> <li>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> <li>4. Ensure that the check request is for the exact amount of pre-numbered vouchers that are submitted as evidence of actual expenditures.</li> <li>5. Explain in writing their findings if any variances.</li> </ol> <p><b>Department or Agencies Accounting Division will:</b></p> <ol style="list-style-type: none"> <li>6. Enter the check request transaction into the accounts payable section of the ERP system. The expenses must</li> </ol>

be summarized and charged to the appropriate accounts.

7. Attach the log or the petty cash reimbursement schedule and all the detailed petty cash vouchers and receipts to the check request.
8. Assign this check on the general cash account for the reimbursement of petty cash.
9. Reconcile all expenses made to the petty cash custodian prior to requesting of a name change for a new custodian through Finance Department.
10. For petty cash balance that is unreconciled at any given period, the agency will have to provide a written letter to 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:**

11. Review the variances for appropriate action.

**Voucher Examiners will:**

12. Review the petty cash vouchers and the log, **(delete comma)** to ensure that all expenses are allowable and reasonable.
13. Ensure that the correct GL charge codes have been assigned.
14. Approve and release for check processing, a check payable to the **Petty Cash Custodian and the department.**

**Accountant – General Ledger will:**

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

**Revision History**

<b>Revision #</b>	<b>Date</b>	<b>Description of changes</b>	<b>Requested By</b>
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	03/10/2020	Review and update	CF, ES,CME