

SOPP # 720 (Treasury)	<u>Prepared By:</u> Audit Assurance Division
<u>Effective Date:</u> 03/31/09	<u>Approved By:</u> Commissioner of Finance
Title	Petty Cash/Imprest Funds
Purpose	To establish the controls governing the use of imprest and petty cash funds.
Policy	1. Expenditures made from petty cash should be for goods and services that, because of their nature, and/or the urgency connected with their acquisition, must be done sooner than is possible through the regular disbursement procedures. 2. Petty cash funds should not be mingled with other collections, and the fund should be kept separate from all other activities. 3. Petty cash/imprest funds should not be disbursed in amounts over \$500. There should be limits on the amount of any expenditure from petty cash, as well as on the total amount of the fund. 4. Regular petty cash accounts should not exceed \$1,000. 5. Custodial and recordkeeping duties should not be the responsibility of one person. 6. Petty cash funds should be audited by employees with responsibilities independent of cash receipts, disbursements or custody. 7. Petty cash funds should only be for payments of a minor nature that cannot conveniently be processed by check, through the Department of Finance. 8. All disbursement from petty cash or imprest funds are subject to the same budgetary or fund limitations and controls as any other expenditure made by the department or agency. 9. Checks to establish and to replenish the fund are to be made out to the person in charge of the fund, e.g., <u>Mr. John Peters – Petty Cashier</u> but never to the order of CASH. 10. The person in charge of the fund has sole control of the money, is the only one authorized to make payments from the fund, and is held accountable for the funds. 11. Petty cash funds should be kept in a locked cash box that is placed in a locked safe or locked cabinet.

	12. All payments made from the fund should be covered by petty cash vouchers signed and dated by the person who receives the money. 13. Petty cash vouchers should always • be completed in ink, • show the details of the payment to provide an audit trail for the fund, and • be signed and dated by the person receiving the cash reimbursement. 14. Incoming cash revenue received from routine business operations <u>should never be used for payment of expenses.</u> 15. All petty cash bank accounts should be channeled through and accounted for, by the Department of Finance. Reconciliation should be done monthly by the Departments, and by the Department of Finance. 16. When a disbursement is made from petty cash, the custodian's approval should appear on a pre-numbered petty cash request form. 17. The total of the actual cash in the fund, plus the total reimbursed petty cash forms, and receipts that represent actual expenditures should equal the total amount of the petty cash fund stated in the general ledger.
Responsibilities	Department and Agencies Custodian is responsible for: 1. Approving each petty cash disbursement on a pre-numbered petty cash request form. 2. Ensuring that the total of the actual cash in the fund, plus the total reimbursed petty cash forms, and receipts, represent actual expenditures equal to the total amount of the petty cash fund stated in the general ledger 3. Preparing and maintaining a standardized spreadsheet (or reconciliation report) that captures all transactions along with supporting documentation affecting the imprest funds. Department officials (Fiscal Officers) should 4. Conduct occasional internal audits of the petty cash funds

	Department of Finance should; 5. Provide replenishments to the Petty Cash funds Department of Finance & Office of the Inspector General should Conduct surprise audits of the petty cash funds periodically.
Procedures	<u>Departments and Agencies</u> Custodian will: 1. Disburse petty cash funds based on pre-determined governmental rules and regulations or criteria. 2. Reimburse the petty cash fund once, or at the most, twice each month. 3. Prepare and update on a daily basis, a log (spreadsheet) of all disbursements made from the petty cash fund to show the following from each voucher • name of payee; • date and amount of payment; • brief description of the purpose of the payment; • the correct General Ledger (GL) charge code for each expense; • the total of all the expenses on the spreadsheet; • the sum of the total expenses and the cash on hand; • the initial amount of the petty cash; and any variances (overage/shortage). 4. Prepare a petty cash reimbursement schedule when the allocated petty cash balance is about two-third expended. 5. Ensure that the check request is for the exact amount of pre-numbered vouchers that are submitted as evidence of actual expenditures. 6. Explain in writing his/her findings in the event of any variances. Department or Agencies Accounting Division will: 7. Enter the check request transaction into the accounts payable section of the ERP system. The expenses should be summarized and charged to the appropriate accounts. 8. Attach the log or the petty cash reimbursement schedule and all the detailed petty cash vouchers and receipts, to the check request.

	9. Assign this check on the general cash account for the reimbursement of petty cash. <u>Department of Finance:</u> Director of Accounting and the Director of Treasury will: 10. Review the variances for appropriate action. Voucher Examiners will: 11. Review the petty cash vouchers and the log, to ensure that all expenses are allowable and reasonable 12. Ensure that the correct GL charge codes have been assigned. 13. Approve and release for check processing, a check payable to the petty cash custodian <u>and</u> the department. Accountant – General Ledger will: 14. Make necessary corrections to the assigned GL accounts and summarize the charges by each account. 15. Verified the petty cash vouchers and cancel them to prevent their reuse.
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Revision History

Revision #	Date	Description of changes	Requested By
0	04/07/09	Initial Release	CB, JL,PA
	08/04/09	Review	VC
1	.3/04/10	Review and update	AED, JL