

City of



**CITY MANAGER'S OFFICE – INTERNAL AUDIT**

DATE: December 12, 2011

TO: ALL DEPARTMENT DIRECTORS

THROUGH: RENENA SMITH, Assistant City Manager *RS*

FROM: BOB KOURY, Principal Internal Auditor *Bob Koury*  
Budget and Management Studies - Internal Audit

SUBJECT: FOLLOW-UP REVIEW - CITYWIDE CASH COUNT AUDIT – PETTY  
CASH AND CHANGE FUNDS

This is the Final Follow-Up Review Report of the Citywide Cash Count Audit of Department Petty Cash and Change Funds issued on April 18, 2011. This follow-up review was performed in accordance with AO 1-12 and Government Auditing Standards. Departments have responded to Internal Audit's request in conjunction with this follow-up review for the current status of the original audit recommendations specific to their petty cash and/or change funds. The current status of the audit recommendations and additional comments by Internal Audit are noted below the audit recommendations within this report.

Internal Audit initially obtained the Finance Department's Petty Cash and Change Funds listing as of January 26, 2011 consisting of 56 funds with a total "authorized" amount of \$43,350. Internal Audit then conducted unannounced cash counts during the months of February and March 2011 of all petty cash and change funds to verify that the actual cash on hand agreed to the "authorized" amounts per the Finance Department. Administrative Order (AO) 1-2 – "Petty Cash and Change Fund Procedures" dated 4/13/04 (copy attached) was also reviewed and tested on a limited scope basis for compliance purposes by the Departments and their designated Fund Custodians.

**Original Audit Results and Findings**

In general, most Departments are adequately accounting for their respective petty cash and change funds in accordance with AO 1-2 and are commended for their efforts in the safekeeping and usage of these City funds. However, various items of non-compliance by some Departments with AO 1-2 and internal control weaknesses were noted during this audit, as follows:

- ▶ The current primary and back-up Fund Custodians and some of the actual amounts of petty cash or change funds on hand do not agree with the Finance Department's 1/26/11 listing;
- ▶ Not all current primary or back-up Fund Custodians have received formalized training by the Finance Department of AO 1-2, nor have all Fund Custodians completed EXHIBIT A of AO 1-2 and submitted it to the Finance Department;

- ▶ Various cash shortages and overages were noted during the cash counts. Although immaterial, some Departments/Fund Custodians were unaware of the appropriate disposition and/or reporting requirements related to these issues as required by AO 1-2;
- ▶ Monthly and fiscal year-end Fund Reconciliations are not being consistently completed by all Departments/Fund Custodians as required by AO 1-2; and
- ▶ Some petty cash and change fund “authorized amounts” for some Departments appear to either be insufficient or excessive based on the number of Fund transactions and frequency/infrequency of replenishment requests by the particular Department.

### **Original Audit Recommendations to All Department Directors**

1. Verify and ensure that there is an established primary and back-up Fund Custodian for all of your Department petty cash and change funds per the attached Finance Department listing of Funds.
2. Verify and ensure that all current Fund Custodians within your Department have been formally trained by the Finance Department on AO 1-2 and that all Fund Custodians have completed and submitted EXHIBIT A of AO 1-2 to the Finance Department. Supporting documentation for the implementation of this recommendation should be maintained for future reference and/or audit purposes.
3. Direct all of your petty cash and change fund Custodians to immediately inform Finance Department Administration of a) their names and titles, b) the actual amounts of each petty cash and change fund they have on hand in their Departments/Divisions, and c) the physical location within the Department of such Funds to ensure the accuracy of the Finance Department’s “Master Petty Cash & Change Fund Listing”.
4. Evaluate the amount of each petty cash and change fund within your Department/Divisions and determine the appropriateness and adequacy of each Fund for departmental operations and usage, i.e. based on the number of transactions/usage of such funds, as well as the frequency or infrequency of replenishment requests of fund balances, a decrease or increase to such funds should be considered. The Finance Department should assist each Department in the implementation of this recommendation, as appropriate.

### **Current Status and Internal Audit Comments Related to Recommendations 1-4**

**Based on the Departmental responses received by Internal Audit related to their respective petty cash and change funds, and the current status of audit recommendations 1-4, Departments have adequately complied with these recommendations. The Finance Department has assisted all Departments with the implementation of these recommendations subsequent to the issuance of our original audit report dated April 18, 2011, and are commended for their efforts in this matter.**

**Attached to this follow-up review report is a copy of the Finance Department’s most current citywide listing of all Departmental Petty Cash and Change Funds as of 12/2/11 which totals \$42,350, as well as the names of the current “Fund Custodians”.**

**All Departments should review the attached listing to ensure that it is still current and accurate as of the date of the listing, and to notify the Finance Department of any exceptions noted related to their respective Petty Cash and/or Change Funds.**

### **Convention Center/SMG and Redevelopment Agency (RDA) Imprest Funds**

The Convention Center, which is managed under a contract by SMG, currently has City monies they have been using for change and/or petty cash fund purposes totaling \$16,650. The Redevelopment Agency (RDA) has a \$100 petty cash fund that was established several years ago with City monies. Both the Convention Center and RDA are non-City Departments and do not come under nor comply with the Administrative Order 1-2 related to these specific funds. Any types of increases or decreases in these funds, as well as the related controls and recordkeeping procedures, are addressed internally by SMG or the RDA through their own operating funds and administrative staff.

### **Audit Recommendation**

5. The City's Finance Director, in conjunction with the City Manager's Office, should consider requesting the return of the \$16,750 currently in the possession of both SMG and the RDA (non-City Departments) to the City's General Fund, and direct both outside agencies to re-establish their own funds as they consider appropriate for their operations.

### **Current Status and Internal Audit Comments Related to Recommendation 5**

**Not Implemented – The petty cash and/or change funds currently in the possession of both SMG and the RDA are, in reality, City funds. These funds are necessary for the continued cash handling and related operations for both entities and it is not considered practical nor beneficial to reduce these funds at this time.**

We wish to thank all Departmental staff for their assistance and cooperation during the course of this follow-up review. If there are any questions or if we can be of further assistance to you or your staff, please contact Bob Koury, Principal Internal Auditor, at 621-7072. Thank You!

#### Attachments

cc: Ashley Swearingin, Mayor  
Council Members  
Mark Scott, City Manager  
Bruce Rudd, Assistant City Manager  
Georgeanne White, Chief of Staff, Mayor's Office  
Karen Bradley, Interim Finance Director/City Controller  
Kim Jackson, MAIII, Finance Department  
Mike Getty, Principal Accountant, Finance Department

**CITYWIDE PETTY CASH AND CHANGE FUNDS LISTING BY DEPARTMENTS**

**As of 12/2/11 - Per Finance**

Distribution	Vendor #	Location	Custodian	Amt.
<b><u>OFFICE OF THE MAYOR</u></b>				
<i>PETTY CASH FUNDS</i>				
Mayor's Office	2475	2600 Fresno Street, Rm. 2097	Jeaneen Cervantes, Executive Assistant <b>OR</b>	300
" " "			Belinda McMillan, Management Analyst II <b>OR</b>	
" " "			Marisol Sanchez, Senior Account Clerk	
<b><u>CITY MANAGER'S OFFICE</u></b>				
<i>PETTY CASH FUNDS</i>				
City Manager's Office	2648	2600 Fresno Street, Rm. 2064	Jeaneen Cervantes, Executive Assistant <b>OR</b>	200
" " "			Belinda McMillan, Management Analyst II	
<b><u>AIRPORTS</u></b>				
<i>PETTY CASH FUNDS</i>				
Fresno Yosemite International / Chandler Downtown	1932	2401 N. Ashley Way	Terry Mendizabal, Principal Account Clerk <b>OR</b>	300
" " "			Shirley Tsutsui, Senior Account Clerk	
<b><u>BUDGET &amp; MANAGEMENT STUDIES</u></b>				
<i>PETTY CASH FUNDS</i>				
Budget & Management Studies Division	2436	Tulare Street	Elida Rubio, Management Analyst II <b>OR</b>	100
" " "			Ashley Aouate, Management Analyst II	
<b><u>CITY ATTORNEY'S OFFICE</u></b>				
<i>PETTY CASH FUNDS</i>				
City Attorney's Office	2290	2600 Fresno Street, Rm. 2031	Carolyn White, Management Analyst III <b>OR</b>	100
" " "			Paulette Navarro, Legal Secretary II	
<b><u>CITY CLERK'S OFFICE</u></b>				
<i>PETTY CASH FUNDS</i>				
Administration	8159	2600 Fresno Street, Rm. 2133	Becky Klisch, City Clerk <b>OR</b>	200
" " "			Cindy Bruer, Senior Secretary	
<b><u>CITY COUNCIL'S OFFICE</u></b>				
<i>PETTY CASH FUNDS</i>				
Council Support	3224	2600 Fresno Street, Rm. 2097	Marisol Sanchez, Senior Account Clerk <b>OR</b>	200
" " "			Helen Rodriguez, Secretary	
District #1	2481	2600 Fresno Street, Rm. 2097	Marisol Sanchez, Senior Account Clerk <b>OR</b>	200
" " "			Helen Rodriguez, Secretary	
District #2	3782	2600 Fresno Street, Rm. 2097	Marisol Sanchez, Senior Account Clerk <b>OR</b>	200

**CITYWIDE PETTY CASH AND CHANGE FUNDS LISTING BY DEPARTMENTS**

" " "			Helen Rodriguez, Secretary		
District #3	3374	2600 Fresno Street, Rm. 2097	Marisol Sanchez, Senior Account Clerk <b>OR</b>	200	
" " "			Helen Rodriguez, Secretary		
District #4	2571	2600 Fresno Street, Rm. 2097	Marisol Sanchez, Senior Account Clerk <b>OR</b>	200	
" " "			Helen Rodriguez, Secretary		
District #5	2588	2600 Fresno Street, Rm. 2097	Marisol Sanchez, Senior Account Clerk <b>OR</b>	200	
" " "			Helen Rodriguez, Secretary		
District #6	2572	2600 Fresno Street, Rm. 2097	Marisol Sanchez, Senior Account Clerk <b>OR</b>	200	
" " "			Helen Rodriguez, Secretary		
District #7	3786	2600 Fresno Street, Rm. 2097	Marisol Sanchez, Senior Account Clerk <b>OR</b>	200	
" " "			Helen Rodriguez, Secretary		
<b><u>CONVENTION CENTER</u></b>					
<b><u>PETTY CASH FUNDS</u></b>					
Administration	2529	700 M Street	April Lucchesi, Senior Administrative Assistant <b>OR</b> Theresa Kraus, Director of Operations	250	
Operations - Events		700 M Street	Theresa Kraus, Director of Operations <b>OR</b>	500	
" " "			April Lucchesi, Senior Administrative Assistant		
<b><u>CHANGE FUNDS</u></b>					
Operations - Parking Change Fund		700 M Street	Melissa Kyhn, Group Sales Box Office <b>OR</b>	6,000	
" " "			Tina Luevanos, Box Office Sales		
Box Office		700 M Street	Matt Heinks, Box Office Manager <b>OR</b>	10,000	
" " "			Tina Luevanos, Box Office Sales		
<b><u>DEVELOPMENT &amp; RESOURCE MANAGEMENT (DARM)</u></b>					
<b><u>PETTY CASH FUNDS</u></b>					
Code Enforcement	2850	2600 Fresno Street, Rm. 3076	Christina Soto, Senior Account Clerk <b>OR</b>	100	
" " "			Olga Grinko, Accountant Auditor II		
Development	2465	2600 Fresno Street, Rm. 3065	Caroline Hyder, Principal Account Clerk <b>OR</b>	150	
" " "			Rosalie Mesel, Account Clerk II		
DCR - Housing & Neighborhood Revitalization	2496	2600 Fresno Street, Rm. 3076	Erica Castaneda, Real Estate Specialist <b>OR</b>	100	
" " "			Heather Aceves, Staff Assistant		
<b><u>CHANGE FUNDS</u></b>					
Code Enforcement Change Fund		2600 Fresno Street, Rm. 3076	Urvashi Dave, Accounting Tech <b>OR</b>	400	
" " "			Timothy Tonel, Accountant Auditor II		
Development Cash Register		2600 Fresno Street, Rm. 3065	Caroline Hyder, Principal Account Clerk <b>OR</b>	300	
" " "			Rosalie Mesel, Account Clerk II		
Development Cash Register - Backup		2600 Fresno Street, Rm. 3065	Rosalie Mesel, Account Clerk II <b>OR</b>	200	
" " "			Caroline Hyder, Principal Account Clerk		

**CITYWIDE PETTY CASH AND CHANGE FUNDS LISTING BY DEPARTMENTS**

<b><u>FINANCE DEPARTMENT</u></b>					
<b><u>CHANGE FUNDS / CASH DRAWERS</u></b>					
Business License Change Fund	2515	2600 Fresno Street, Rm. 1098	Eva Chavez, Sr. Customer Service Clerk <b>OR</b>	1,300	
" " "			Sarah Fey, Sr. Customers Service Clerk <b>OR</b>		
" " "			Connie Alfaro, Revenue Supervisor		
Business License Cash Drawer #1 - #4 @ \$300 each		2600 Fresno Street, Rm. 1098	Eva Chavez, Sr. Customer Service Clerk <b>OR</b>	1,200	
" " "			Sarah Fey, Sr. Customers Service Clerk <b>OR</b>		
" " "			Connie Alfaro, Revenue Supervisor		
<b><u>FIRE DEPARTMENT</u></b>					
<b><u>PETTY CASH FUNDS</u></b>					
Business Office	2485	911 "H" Street	Nadia Salinas - Senior Admin Clerk <b>OR</b>	300	
" " "			Crystal Giannopoulos, Sr. Admin. Clerk <b>OR</b>		
" " "			Christina Cronin, Accountant Auditor II		
<b><u>CHANGE FUNDS / CASH DRAWERS</u></b>					
Fire Admin Change Fund		911 "H" Street	Patricia Gray, Prin Admin Clerk <b>OR</b>	100	
" " "			Cheryl Carlson, Management Analyst III <b>OR</b>		
" " "			Christina Cronin, Accountant Auditor II		
<b><u>FRESNO AREA EXPRESS (FAX)</u></b>					
<b><u>PETTY CASH FUNDS</u></b>					
Fleet Management	2328	2101 "G" Street, Building F	Beverly Simonson, Sr. Account Clerk <b>OR</b>	200	
" " "			Joleen Wofford, Fleet Administration Supervisor		
<b><u>CHANGE FUNDS / CASH DRAWERS</u></b>					
Transit - Manchester Cash Drawer #1, #2, # 3 @ \$125 each		3590 N. Blackstone	Maya O'Neal, Staff Assistant <b>OR</b>	375	
" " "			Dena Kalar, Management Analyst II		
Transit - Manchester Change Fund		3590 N. Blackstone	Maya O'Neal, Staff Assistant <b>OR</b>	725	
" " "			Dena Kalar, Management Analyst II		
<b><u>INFORMATION SERVICES DEPARTMENT</u></b>					
<b><u>PETTY CASH FUNDS</u></b>					
Administration	2493	2600 Fresno Street, Rm. 1059	Carri Carrillo, Senior Account Clerk <b>OR</b>	200	
" " "			Kerri Uyesaka, Executive Assistant		
<b><u>PARKS AND RECREATION DEPARTMENT</u></b>					
<b><u>PETTY CASH FUNDS</u></b>					
Parks Division	3386	2326 Fresno Street, Rm. 101	Cheryl Callistro, Senior Account Clerk <b>OR</b>	200	
" " "			Sandy Juarez, Senior Account Clerk		
Administration	2498	2326 Fresno Street, Rm. 101	Sandy Juarez, Senior Account Clerk <b>OR</b>	150	
" " "			Cheryl Callistro, Senior Account Clerk		
Recreation & Community Services	2497	2326 Fresno Street, Rm. 101	Sandy Juarez, Senior Account Clerk <b>OR</b>	200	
" " "			Cheryl Callistro, Senior Account Clerk		

**CITYWIDE PETTY CASH AND CHANGE FUNDS LISTING BY DEPARTMENTS**

<u>CHANGE FUNDS / CASH DRAWERS</u>					
Japanese Garden		Woodward Park	Tony Hernandez, Parks Supervisor II <b>OR</b>	50	
" " "			Janine Holden, Recreation Specialist		
<b><u>PERSONNEL SERVICES DEPARTMENT</u></b>					
<u>PETTY CASH FUNDS</u>					
Human Resources - Administration	2507	2600 Fresno Street, Rm. 1030	Karen Norris, Management Analyst III <b>OR</b>	200	
" " "			Michelle Marchini, Executive Assistant		
Risk Management	2263	2600 Fresno Street, Rm. 1070	Dan Turner, Risk Manager <b>OR</b>	50	
" " "			Stan Villalta, Senior Account Clerk		
<b><u>POLICE DEPARTMENT</u></b>					
<u>PETTY CASH FUNDS</u>					
Fiscal Affairs/Business Office - Misc.	2470	2326 Fresno Street, Rm. 201	Virginia Reyes, Senior Accountant Auditor <b>OR</b>	700	To be reduced
" " "			Michelle Wooten, Accountant Auditor		
Police Property Reimbursement	9876	2323 Mariposa	Sgt. Kirk Pool - no backup per MG	1,000	
<u>CHANGE FUNDS</u>					
Business Office - Change Fund for Cash Register		2326 Fresno Street, Rm. 201	Dee Barnes, Accounting Technician <b>OR</b>	400	To be reduced
" " "			Michelle Wooten, Accountant Auditor <b>OR</b>		
" " "			Virginia Reyes, Senior Accountant Auditor		
<b><u>PUBLIC UTILITIES DEPARTMENT</u></b>					
<u>PETTY CASH FUNDS</u>					
Administration	2959	2600 Fresno Street, Rm. 3065	Connie Hamlin, Staff Assistant <b>OR</b>	200	
" " "			Sonia Farmer, Senior Account Clerk		
Solid Waste	2482	1325 E. El Dorado	Johna Morales, Account Clerk II <b>OR</b>	400	
" " "			Rebecca Gonzales, Account Clerk		
Utilities Billing & Collections	2934	2600 Fresno Street, Rm. 1096	Linda Perez, Customer Service Clerk <b>OR</b>	100	
" " "			Nancy Castano, Senior Secretary		
Wastewater Treatment Plant	2415	5607 W. Jensen	Pauline Tolentino, Principal Account Clerk <b>OR</b>	600	
" " "			Bobbie Blau, AccountClerk II		
			David Gomez, Check Cashing ONLY		
Water Division	2473	1910 E. University	Martin Hinojosa, Accounting Technician <b>OR</b>	400	
" " "			Dary Boualamsy, Senior Accountant Auditor		
<u>CHANGE FUNDS / CASH DRAWERS</u>					
Utilities Cash Drawer #1 - #8 @ \$300 each		2600 Fresno Street, Rm. 1098	Laura Atencio, Sr. Customer Service Clerk <b>OR</b>	2,400	
" " "			Marsha Adams, Sr. Customer Service Clerk		

**CITYWIDE PETTY CASH AND CHANGE FUNDS LISTING BY DEPARTMENTS**

Utilities Change Fund		2600 Fresno Street, Rm. 1098	Laura Atencio, Sr. Customer Srvc Clerk <b>OR</b>	5,200	
" " "			Marsha Adams, Sr. Customer Service Clerk		
Utilities at Manchester Cash Drawer #1 - #4 @ \$300 each		Manchester Cntr, 1901 E Shields #190	Leon Molina, Revenue Supervisor <b>OR</b>	1,200	
" " "			Cynthia Rayas, Sr. Customer Services Clerk		
Utilities at Manchester Change Fund		Manchester Cntr, 1901 E Shields #190	Leon Molina, Revenue Supervisor <b>OR</b>	2,200	
" " "			Cynthia Rayas, Sr. Customer Services Clerk		
<b><u>PUBLIC WORKS DEPARTMENT</u></b>					
<b><u>PETTY CASH FUNDS</u></b>					
Administration	10596	2600 Fresno Street, Rm. 4044	Beth Reusch, Senior Account Clerk <b>OR</b>	200	
" " "			Mary Baker, Senior Accountant Auditor		
" " "	40793	2600 Fresno Street, Rm. 4044	Beth Reusch, Senior Account Clerk <b>OR</b>	300	
" " "			Mary Baker, Senior Accountant Auditor		
Street Maintenance	2584	2101 "G" Street, Building E-1	Monica Aguero, Senior Admin Clerk <b>OR</b>	400	
" " "			Sara Diaz, Senior Account Clerk		
<b><u>CHANGE FUND/ CASH DRAWER</u></b>	8266	2600 Fresno Street, Rm. 4064	Carl Farmer, Parking Supervisor <b>OR</b>	500	
Traffic/ Engineering Change Fund			Lisa Ortez, Customer Services Clerk		
" " "			Jennifer Hartwig, Staff Assistant		
<b><u>REDEVELOPMENT DEPARTMENT</u></b>					
<b><u>PETTY CASH FUNDS</u></b>					
Redevelopment Agency (City Staff)		2344 Tulare Street, Suite 200	Crystal Cooper, Executive Assistant <b>OR</b>	100	
" " "			Marlene Murphy, RDA Director		
<b>CITYWIDE PETTY CASH &amp; CHANGE FUNDS</b>			<b>TOTALS</b>	<b>\$ 42,350</b>	

Subject: Petty Cash and Change Fund Procedures	Number: 1-2
Responsible Department: Finance Department	Date Issued/Revised: April 13, 2004
	Approved:

**Purpose**

1. The purpose of this Administrative Order is to provide uniform procedures to all departments for the establishment, use, and safekeeping of petty cash and cash funds.

**Policy/Procedures**

**General**

1. Petty cash funds are established for designated amounts from which payments and/or reimbursements for small dollar expenditures may be made. At all times, the cash on hand plus the dollar amount of expenses supported by paid receipts should equal the designated amount of the particular petty cash fund.

**Establishment of Petty Cash Funds**

1. All Petty Cash Funds will be established through the Controller's Office. Written requests are to be sent to the Controller's Office for approval and action. Requests for these funds should contain:
  - a. Reason for the fund;
  - b. The account, fund and organization to be charged;
  - c. The amount requested; and,
  - d. Individual assigned responsibility (custodian) and backup for the fund.

**Increase Petty Cash Funds**

1. Increasing an existing petty cash fund requires a written memo from the Department Director. Requests should contain:
  - a. Reason for the increase;
  - b. The account, fund and organization to be charged; and,
  - c. The amount requested.

### **Termination or Reduction of Petty Cash Funds**

1. A petty cash fund may be terminated or reduced at any time at the request of the Department Director or as directed by the Controller. To close a petty cash fund, the cash balance on hand and all receipts for the petty cash are to be returned to the Finance Department. If the total of the cash to be returned plus the receipts does not equal the total amount authorized for the petty cash account, an explanation, in writing, signed by the custodian, must be provided.

### **Uses and Restrictions**

1. The maximum amount of petty cash that can be expended, reimbursed, and/or advanced per transaction (one item or multiple items at a single point in time) is \$30. Amounts greater than \$30 should be processed through Accounts Payable.
2. An original receipt properly documenting the purpose of each expenditure is required for any reimbursement and/or payment.
3. All expenditures should conform within the Departmental expenditure guidelines, as well as any other appropriate City regulation (including Administrative Order 1-2). The following transactions are prohibited uses of petty cash, except where specifically pre-approved by the City Manager or Controller:
  - a. Entertainment and travel reimbursements, as well as registration expenses are specifically excluded from authorized petty cash disbursements;
  - b. Reimbursements for meals; for alcoholic beverages; or tickets to social, cultural or athletic events;
  - c. Payments to individuals or other non-City entities for personal services;
  - d. Transactions for which an original invoice is not available (Copy certified by Department Head may be processed through Accounts Payable on a voucher); and,
  - e. Expenses of any kind charged to a credit card that is not supported by the detail receipt.

### **Custodian and Change of Custodian**

1. One designated employee with one additional employee (as back up) as named by the Department Head and as communicated to the Finance Department, is responsible for administration of each petty cash fund for each respective Department. When the custodianship of petty cash changes, witnessed, physical count of the cash and receipts on hand must be performed and documented at the time of change.
2. If and when custody of a petty cash fund is transferred to the custody of another individual, the City Controller must be notified in writing. The responsibility of primary custodianship remains with the Department Head as the lead custodian.

### **Security of Funds**

1. All petty cash funds must be maintained in a locked cash box and when not in use shall be kept in a secure place and should not be taken from City of Fresno facilities.

### **Custodian Responsibilities**

1. The fund custodian shall be responsible for the following matters related to the operation of the fund:
  - a. Safe and secure storage;
  - b. Keeping each petty cash fund separate from all other funds;
  - c. Ensuring that each transaction is for the established purpose of the fund;
  - d. Providing proper documentation to support each expenditure;
  - e. Replenishing the fund in a timely manner;
  - f. Notifying the City Controller or other designee when changing a custodian, changing the location of the fund, or changing the physical security of the fund; and,
  - g. Reporting discrepancies or theft of the fund in a timely manner to the Department Head and City Controller.
2. The fund custodian will be required to sign a statement indicating responsibility for the petty cash cost center. (See Exhibit A "Acknowledgment of Receipt of Funds and Policies and Procedures Related Thereto" form.)

### **Documentation of Petty Cash Uses**

1. A properly completed "Petty Cash Voucher" (See Exhibit B) and acceptable documentation is required for each cash request.
2. The petty cash custodian is responsible for ensuring the completeness and accuracy of the "Petty Cash Voucher."

### **Replenishment of Petty Cash**

1. The "Request for Payment" reimbursement voucher (See Exhibit C) must be supported by proper original receipts. Receipts other than original receipts (or any other form of documentation) must be signed by the department head and is subject to the approval of the City Controller.

### **Bookkeeping Procedures and Control Procedures**

1. The petty cash fund should be reconciled by the custodian on or before the last day of each month. In addition, a reconciliation worksheet (See Exhibit D) is to be prepared and submitted to Finance on the last day of the fiscal year. A petty cash log may be retained by the custodian in order to facilitate a running balance of funds currently on hand (See Exhibit E).
2. The following control procedures are in place and will be utilized to safeguard the Petty Cash Fund:
  - a. Petty cash funds are subject to surprise cash counts by the City Manager, the Controller, Assistant Controller and/or the Internal Audit Division of the Finance Department;
  - b. Segregation of petty cash from other funds should be monitored departmentally; and
  - c. Petty cash shortages exceeding \$5 should be reported to the City Controller or designee and to the Accounting Section.

### **Audit Procedures**

1. The City Controller or designee is responsible for ensuring that each petty cash fund is audited periodically. Custodians will not be notified in advance. The purpose of the audit is to ensure that the component Department funds are properly safeguarded. This would, in turn, enable an effective verification of cash held by the custodian with the official records.

### **Change Fund Policies**

#### **General**

1. The change fund is a fund established for a designated amount from which change is made in support of sales or a service operation. The change fund is used to make change in a cash receiving function. In the cash receiving operation, receipts should be stored with the fund during the shift or business day. At the end of the shift or day, the receipts should be removed from the container and deposited with the City of Fresno Cashier or the appropriate bank for activities having bank accounts. The amount remaining in the container should be the full amount of the fund and no more or less. The amount should be comprised entirely of coin and currency. When making deposits, the amount of the Imprest Change Fund must remain in the Department. Only the money collected will be deposited.
2. Cash advances out of the change fund are prohibited.

#### **Establishment of a Change Fund**

1. All Change Funds will be established through the Controller's Office. Written requests for establishment of these funds are to be sent to the Controller's Office for approval and action. Requests for these funds should contain:

- a. Reason for the fund;
- b. The account, fund and organization to be charged;
- c. The amount requested;
- d. Individual assigned responsibility (custodian) and backup for the fund; and,
- e. Estimated fund life if for a specific event or activity.

#### **Increasing Change Fund**

1. Increasing an existing change fund requires a written request from the Department Director. Requests for increasing a fund should contain:
  - a. Reason for the increase;
  - b. The account, fund and org. to be charged; and,
  - c. The amount requested.
2. The Controller will review and approve or disapprove the request based upon the specific facts and circumstances.

#### **Termination or Reduction of Change Fund**

1. The City Controller or designee may reduce or eliminate a change fund based on the fund inactivity or violation of change fund handling procedures.
2. A change fund may be eliminated or reduced at any time at the request of the Controller. To close a change fund, the cash balance on hand and all receipts, if any, are to be returned to the Finance Department. If the total of the cash to be returned less the receipts does not equal the total amount authorized for the change fund, an explanation, in writing, signed by the custodian, must be provided.

#### **Uses and Restrictions**

1. Change Funds are to be used in conjunction with cash receipting activities and for making change as necessary.
2. Change Funds should not be co-mingled with other funds.
3. No disbursements or advances should be made from Change Funds.
4. Change Funds should not be used to offset cash overages or shortages of other receipting activities.

5. At the end of a shift or at the close of the day's business and after reconciling the shift's/day's receipts, the Change Funds will be re-established to the authorized amount in preparation for the beginning of the next shift's/day's business.
6. Surprise cash counts will be conducted periodically; however, not on a regularly scheduled basis, by a department head, by an internal auditor, or by the City Controller or designee.

**Custodian and Change of Custodian**

1. One designated employee with one additional employee (as backup) as named by the Department Head and as communicated to the Finance Department, is responsible for administration of each change fund for each respective Department.
2. The responsibility of primary custodianship remains with the Department Head as the lead custodian.

**Custodian Responsibilities**

1. The fund custodian shall be responsible for the following matters relating to the operation of the funds:
  - a. Safe and secure storage;
  - b. Keeping each change fund separate from all other funds;
  - c. Ensuring that each transaction is for the established purpose of the fund;
  - d. Providing proper documentation to support reconciliation of the change fund at the end of each shift/day and event;
  - e. Reconciling the fund in a timely manner;
  - f. Notifying the City Controller or other designee in writing when changing a custodian, changing the location of the fund, or changing the physical security of the fund;
  - g. Balancing the funds daily or at the end of each event and at the end of each fiscal year;
  - h. Reporting non-balance of the fund in a timely manner to the Department Head or designee; and,
  - i. Reporting theft from the fund to the City Controller or designee and local law enforcement official (if so directed).
2. The fund custodian will be required to sign a statement indicating responsibility for the change fund. (See Exhibit A "Acknowledgment of Receipt of Funds and Policies and Procedures Related Thereto" form.)

### **Loss of Funds**

1. Change fund losses shall be reported by the custodian to the department head and to the City Controller immediately so that a complete investigation and report can be made of the circumstances involved. When the required documentation and security procedures have been in place and a theft or mysterious disappearance of cash/checks occurs the custodian may be held personally responsible for the total loss if one or more of the following conditions is identified during the investigation of the loss:
2. The change fund has not been properly registered with the Finance Department.
3. The money in the change fund has been commingled with revenue collected by the department that should have been deposited.
4. An on-going record of activity has not been maintained.
5. The money in the change fund has not been secured in a locked cash box and/or fireproof safe.
6. Payments have been made for purposes for which the change fund is not authorized (including, but not limited to: personal check cashing, travel advances, lunches, personal use, or petty cash transactions.)

### **Audit Procedures**

1. The City Controller or designee is responsible for ensuring that each change fund is audited periodically. Custodians will not be notified in advance. The purpose of the audit is to ensure that the component Department funds are properly safeguarded. This would, in turn, enable an effective verification of cash held by the custodian with the official records.

### **REVIEW AND RESPONSIBILITY**

Responsible Parties: City Manager, Controller, Department Managers and Fund Custodians.



**Acknowledgment of Receipt of Funds & Policies and Procedures Related Thereto**

I, \_\_\_\_\_, do hereby certify that I have been authorized to serve as custodian of a Departmental Cash Fund (note type below) and acknowledge receipt of a fund as well as policies and procedures prescribing the management of that fund. These policies and procedures have been explained to me in detail and I agree to accept responsibility for the accounting and control of the fund in accordance with the City of Fresno's policies and procedures. I further understand that failure to comply with this policy and procedure could result in disciplinary action up to and including termination and in possible criminal sanctions.

Type of Fund:

Petty or Change Fund \_\_\_\_\_

Department \_\_\_\_\_

Amount:

Fund maximum \_\_\_\_\_

Fund minimum \_\_\_\_\_

Voucher maximum \_\_\_\_\_

Cash balance at time of receipt \_\_\_\_\_

Date of receipt \_\_\_\_\_

Signature of Custodian: \_\_\_\_\_ Date \_\_\_\_\_

Supervisor Signature: \_\_\_\_\_ Date \_\_\_\_\_

**For Finance & Accounting Use Only**

The cash fund custodian named above was provided a copy of policies and procedures regarding cash fund management at the time the fund was issued. Said policies and procedures were reviewed with the custodian who exhibited a complete understanding of their responsibilities.

\_\_\_\_\_  
(Finance & Accounting Representative) Date \_\_\_\_\_

## Instruction For Direct Vouchers for Petty Cash

### Petty Cash Reimbursements

Direct Vouchers for **Petty Cash** will follow the guidelines as established in the City of Fresno **Administrative Order 1-2**. **A petty cash reimbursement shall not exceed \$30.00 (including tax) for all single purchases.** The petty cash process will be used to reimburse the purchase of out of stock minor supplies and out of pocket expense amounts include meals and travel where specifically pre-approved by the City Manager or Controller (the total expense of the travel shall not exceed \$30 and there should not have been a travel advance made). If the reimbursement is for travel, a Form 57 is still required.

Each division with a petty cash fund will be assigned a **vendor number**. Each employee within that division with a petty cash box will be identified by a **location number** for that vendor number.

A **Petty Cash Voucher form** (see attached) is required to be filled out for each payment made from petty cash and the corresponding **receipt** should be attached to the voucher and placed in the petty cash box when funds are disbursed. The **"Reimbursed to:"** applies to the name of the person who bought the item. This person should sign the voucher signifying that they have received the funds that they paid out of pocket. The **"Approved by:"** applies to the person authorized to approve payments for the particular fund/organization the purchase is being charged to. The voucher should also be signed by that person. The person in charge of the petty cash box will sign on the **"By:"** line of the voucher. **Cash in the box plus all vouchers (with receipts) should equal the total authorized amount for your petty cash box.**

All vouchers and receipts should be taped down on a white, blank sheet of paper. These should be attached to the Direct Voucher and forwarded to Accounts Payable when it is time to reimburse the petty cash box.

**Exhibit B**

**Direct Voucher**

Petty Cash Reimbursements continued:

Petty Cash Voucher Form

Petty Cash Voucher		
Org.	Fund	Account
<b>Receipt Must Be Attached</b>		
Vendor Name		Amount
		Date
Purpose of Expense:		
Reimbursed To:		Approved By:
Name		Name
Title:		Title:
Receipt		
Signature		
Name, Title:		
By:		

**Exhibit B, continued**



**Request for Payment**

Voucher#: 00219452  
 Vendor#: 0000002588  
 Name: Petty Cash  
 Alt Name:

Invoice#: PettyCash  
 Invoice Date: 6/30/2002  
 Due Date:  
 Origin:  
 Operator:

<u>Line No</u>	<u>Description</u>	<u>Quantity</u>	<u>Unit Price</u>	<u>Amount</u>
1				

  

<u>Account</u>	<u>Fund</u>	<u>Org</u>	<u>Budget Year</u>	<u>PC BU</u>	<u>Project ID</u>	<u>Activity</u>	<u>Res Type</u>	<u>Amount</u>

**Comments:**

Reconcile petty cash for

Voucher Total:  
 Use Tax:  
 Sales Tax:  
 Freight:  
 Gross Amount:

Discount:

I certify that the material, supplies or work specified above has been received and was necessary for use in this Department solely for the benefit of the City of Fresno.

\_\_\_\_\_  
 Authorized Signature      Date      Dept. Cont. No.      Approved By      Date

**Exhibit C**

### Petty Cash Imprest Fund Reconciliation

1. Total cash on hand (coins and currency): \$ \_\_\_\_\_
2. Expenditure receipts on hand: \_\_\_\_\_
- Voucher(s) in transit: \_\_\_\_\_
4. Other: \_\_\_\_\_
5. Overage/Shortage\*: \_\_\_\_\_
6. Total: \$ \_\_\_\_\_

Reconciled by: \_\_\_\_\_

Signature	Date
-----------	------

Verified by: \_\_\_\_\_

Signature	Date
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\*Procedure for fund overage or shortage:

If the shortage is \$5.00 or more, notify the Finance Department, immediately.

**Exhibit D**

