


<b>Subject:</b> Petty Cash and Change Fund	<b>Number:</b> 1-2
	<b>Date Issued:</b> December 1, 1998 <b>Date Revised:</b> June 10, 2015
<b>Responsible Department:</b> Finance	<b>Approved:</b> 

## Purpose

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

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

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:

- Reason for the fund;
- The account, fund and organization to be charged;
- The amount requested; and
- Individual assigned responsibility (custodian) and backup for the fund.

### Increase Petty Cash Funds

Increasing an existing petty cash fund requires a written memo from the Department Director. Requests should contain:

- Reason for the increase;
- The account, fund and organization to be charged; and,
- The amount requested.

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

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 Director 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 Director 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 Director as the lead custodian.

### **Security of Funds**

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 Director 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**

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 Director 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**

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**

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 Director, 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 Director 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 Director 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 Director 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 Director 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**

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 Director and Fund Custodian.





### 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



## EXHIBIT A

Petty Cash Voucher		
<b>Enter #'s</b>		
Account	Fund	Organization

Receipt Must be attached	
Vendor Name	Amount
Vendor Address	Date

Propose of Expense	
Reimbursed To:	Title:
Approved by:	Title:

Receipt		
Print Name	Signature	Title
Person Receiving Cash	Person Processing Cash Transaction	

## Exhibit B

### Petty Cash Imprest Fund Reconciliation

Total Cash on hand (coins and currency): \$ \_\_\_\_\_  
Expenditures Receipts on hand: \_\_\_\_\_  
Voucher(s) in transit: \_\_\_\_\_  
Other: \_\_\_\_\_  
Overage/Shortage\*: \_\_\_\_\_  
Total: \_\_\_\_\_

Reconciled by: \_\_\_\_\_  
Signature Date  
Verified by: \_\_\_\_\_  
Signature Date

\*Procedure for fund overage or shortage

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

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