

TITLE I

SECTION 110 – PETTY CASH POLICY**A. PURPOSE**

The purpose of this policy is to provide guidance to departments seeking petty cash or modification of their petty cash allowances, as well as the process for communicating petty cash needs to the Auditor-Controller/Treasurer-Tax Collector's Office (ACTTC).

B. POLICY SUMMARY

Each department is responsible for developing and maintaining written internal control procedures for their petty cash and change funds prior to the approval and establishment of such accounts. These procedures and Petty Cash Funds are subject to review and audit by the ACTTC.

Departments must appoint a custodian for the fund who will be responsible for the safekeeping, disbursing, reconciling, and replenishing the cash. The reconciliation must be documented and reviewed by the custodian's supervisor or an employee of higher authority. Replenishments of departmental petty cash funds are processed through the ACTTC.

Departments that do not maintain their own petty cash fund process petty cash reimbursement requests through the ACTTC.

The ACTTC recommends that, whenever possible, departments use employee reimbursement claim forms (AUD7B) or procurement cards (CalCard) rather than petty cash for small purchases.

Documentation

Petty Cash disbursements must be properly documented and verified that they are for a valid County business expense. Receipts should be itemized and include a description of the business purpose of the transaction, goods purchased, the purchase date, and the appropriate authorization.

Custodian

Departments must appoint a custodian for the petty cash fund who will be responsible for the safekeeping, disbursing, reconciling, and replenishing the petty cash. The reconciliation must be documented and reviewed by the custodian's supervisor or an employee of higher authority.

Responsibilities

To request a petty cash fund, a Department should complete written procedures over the internal control and disbursement of funds. These procedures should be provided to the

ACTTC along with a letter from the requesting Department Head addressed explaining the purpose and need for the Petty Cash Fund.

When a petty cash fund has been authorized for a Department, staff becomes responsible for following the procedures and guidelines administered by the Accounting Division of the ACTTC.

Physical Security

When the petty cash fund's currency is not being used, it must be placed in a safe or locked receptacle, which is kept in a properly secured area. In the event of theft, the loss must be reported immediately to the County Sheriff and a Report of Cash Difference form must be prepared immediately and sent to the Auditor's office.

Petty Cash funds are not to be borrowed by individual employees for any length of time, and daily cash counts should be conducted.

C. PROCEDURES

Requesting Creation or Increase of a Petty Cash Fund

The following steps must be taken to set up a petty cash fund:

1. Department Head submits a written request to the ACTTC to establish a petty cash fund, providing the specific purpose or need, and justification for requested amount.
2. Upon receiving a request to create or increase a petty cash (revolving) fund, the ACTTC may modify the requested amount and approve or deny the request as follows:
 - a. Approve: If the ACTTC approves the request, the ACTTC advises the requesting department of the approval and any modifications made to the amount.
 - b. Deny: If the Controller-Treasurer denies the request, the Controller-Treasurer Department advises the requesting department of the denial and the reasons for denying the request.
3. Upon notification of petty cash request approval, the requesting department processes a transaction in the County's accounting system to produce a warrant and presents the warrant to the bank to obtain the petty cash amount.
4. The requesting department's petty cash fund custodian disburses the funds for authorized uses within the department's and ACTTC's dollar amount limits. The custodian must obtain the signature of each employee receiving petty cash to acknowledge receipt of the funds on an AUD77 petty cash reimbursement form. The

custodian must also obtain receipts and other documents, demonstrating that the disbursed funds were used for the authorized purpose.

Replenishing a Petty Cash Fund

1. Before requesting replenishment of a petty cash fund, the requesting department's fund custodian must balance the fund by determining that the receipts and other documents plus the remaining cash equal the authorized amounts.
2. In the event of an overage or shortage, the fund custodian must follow the policy and procedure for documenting overages and shortages.
3. The custodian completes an AUD-78 petty cash reimbursement voucher and electronically the reimbursement voucher, along with required supporting documentation (AUD-77s and original receipts), via ONESolution in APOHININ. The instructions for completing an AUD-77 and AUD-78 form can be found on the Auditor-Controller's Intranet page under Auditor Forms, Instructions and Procedures <http://sccintranet/Departments/Auditor-Controller/Auditor-Forms-Instructions-and-Procedures>.

Requesting a petty cash reimbursement (for departments without petty cash funds)

1. Departmental fiscal staff completes an AUD-77 petty cash disbursement voucher and remits the disbursement voucher, along with required supporting documentation (original receipts), in person, to the ACTTC. The instructions for completing an AUD-77 form can be found on the Auditor-Controller's Intranet page under Auditor Forms, Instructions and Procedures <http://sccintranet/Departments/Auditor-Controller/Auditor-Forms-Instructions-and-Procedures>.

Change in Custodian

1. When custody of a petty cash fund is transferred to another custodian, the existing petty cash fund should be turned in and a reconciliation performed to ensure that the total of the cash and the receipts equal the specified amount of the fund, and that the new custodian is aware of his/her specific responsibilities related to custody of the petty cash fund. This reconciliation should be agreed and documented by both parties.

D. DEFINITIONS

For the purposes of this policy, the following definitions apply:

1. **"Custodian"** means the employee designated as a particular department's custodian of a Petty Cash Fund.

2. **“Petty Cash Fund”** a small fund of cash provided to a department specified or discretionary purposes. The monies in a Petty Cash Fund may be referred to generally as “petty cash” or “petty cash funds.”