CITY OF EUREKA	Category:	FINANCE
POLICIES & PROCEDURES	Subject:	PETTY CASH
Date Adopted: September 5, 2000	File Number	2.41

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PURPOSE AND SCOPE

Many City departments require cash funds to conduct business activities. This policy addresses the need for uniform guidelines governing the City's petty cash and cashier's change funds, by establishing methods of requesting, authorizing and controlling such funds by all officials and employees at approved locations. Everyone who handles petty cash or cashier's change funds - or supervises someone who handles petty cash or cashier's change funds - is responsible for knowing and following this policy.

OVERVIEW

The Director of Finance administers the petty cash and cashier's change funds.

These guidelines are organized into eight sections:

- Definitions
- Security procedures
- Establishing petty cash and cashier's change funds
- Petty cash funds management
- Cashier's change funds management
- Emergency cash advance funds
- Auditing of petty cash and cashier's change funds
- Violations of petty cash and cashier's change policy

DEFINITIONS

Petty Cash (Imprest) - Used for minor purchases, when following the City's normal purchasing procedures may not be practical or timely. Imprest means the account is replenished in exactly the amount expended from it.

Cashier's Change - Used solely for making change in across-the-counter transactions.

Custodian - Person who has ultimate responsibility for cash funds (generally the Department Head) per the Finance Department's written records.

Operator(s) - Person(s) who actually work with the fund on a day-to-day basis.

Emergency - When circumstances or conditions exist that pose an immediate threat to public health, welfare, or safety as determined by the City Manager for which there is no time to seek Council action or approval, if otherwise such action or approval were required.

ESTABLISHING PETTY CASH AND CASHIER'S CHANGE FUNDS

Before requesting the establishment of a petty cash fund or increasing the amount of an existing fund, the Department Head should ascertain that the goods or services to be purchased cannot be obtained in a timely manner using standard purchasing procedures.

To request a cash fund or increases in an existing cash fund, the Department Head will send a Cash Fund Request form (Exhibit A) to the Director of Finance at least ten working days in advance. The Director of Finance will notify the Department Head if the request has or has not been approved. If approved, a check will be produced and be available at the Finance Department. The assigned custodian will sign a Cash Assignment form (Exhibit E) when the check is picked up. At the discretion of the Director of Finance, a petty cash or cashier's change fund may be installed or removed at any time.

No unauthorized cash funds should be established or used in any department's operations.

It is the responsibility of the Department Head to designate an employee, or employees, as the petty cash and/or cashier's change fund operator(s). The accounting for either fund is the responsibility of the operator. The Department Head may designate an employee other than the operator to act as custodian of the cash fund.

If there is a change in the custodian or operator, the Department Head will send a memo to the Director of Finance and the new custodian or operator must sign a new Cash Assignment form. The new custodian or operator should ensure that the fund is replenished to the original amount before accepting it. When cash is transferred from one person to another, even for a short period of time, it should be counted in the presence of both parties. The custodian should open the cash fund and witness verification of the cash fund by the new operator. This should be recorded on the Cash Fund Reconciliation form (Exhibit F) and should be signed and dated by both the custodian and the old and new operators. This is necessary for purposes of establishing responsibility relating to a shortage.

SECURITY PROCEDURES

The procedures listed below should be followed in order to safeguard cash:

- Cash should be placed in a secure location such as a safe, vault, or locked drawer after working hours. Do not commingle cash funds and associated documents with other funds. Report missing cash funds to the Director of Finance and notify the Police Department if theft is suspected. All suspected thefts are to be treated confidentially, since an investigation may be ongoing.

- The cash drawer should be locked when unattended during working hours.

- Access to locked areas used to store cash funds should be limited to a minimum number of people.
- Custodians of cash funds are responsible to assure that adequate security is exercised at all times.
- Departments are not authorized to disburse nor distribute any portion of their authorized cash fund to another department, group, or individual.
- Only the custodian or operator should handle cash funds.
- Cash funds are not to be used for financing IOU's, loans, or accounts receivable.
- Private funds should not be commingled with the cash fund.

PETTY CASH FUNDS MANAGEMENT

Approved Uses

- Petty cash may be used for incidental purchases up to $25 on an as needed basis with duly authorized approval.
- Petty cash may be used for purchases over $25 on an as needed basis with the approval of the City Manager, Director of Finance, Finance Office Manager, or Assistant Finance Director .
- Petty cash may **never** be used as cashier's change.

Approval Authorizations

Authorization to approve petty cash may be delegated by the Department Head to other designated employees within the department.

It is the responsibility of the Department Head to notify the Finance Department of any changes in personnel authorized to approve petty cash requests, due to departmental and organizational changes such as employee separations, transfers, new personnel, or any other changes. These authorizations must be recorded on the Petty Cash Approval Authorization form (Exhibit B) and provided to the Finance Department. The petty cash fund custodian should also have a current copy of the form on file.

No funds will be disbursed to personnel without an approval authorization.

Cash Handling Procedures

- All overages and shortages should be reported to the Finance Department immediately.
- The cash fund must be reconcilable at all times. The operator must have the actual cash or a signed receipt for any cash not on hand.

- Cash funds approved to be used as imprest funds should be reimbursed at reasonably frequent intervals throughout the fiscal year. At a minimum the fund should be reimbursed quarterly.

Petty Cash Requests

The primary document in the administrative process is the Petty Cash Expense Reconciliation form (Exhibit C). Besides ensuring that cash handling by City employees is conducted in accordance with adopted policies, the Petty Cash Expense Reconciliation form includes the expenditure amount, cash advanced, cash reimbursed, and approval signatures. Approval on requests should be given by personnel other than the employee receiving the petty cash. Approval signatures will be checked against those on file with the petty cash fund custodian.

- **Requesting Employee**

  When the need arises to use petty cash, two procedures may be used: petty cash funds advanced or petty cash funds reimbursed.

  Petty Cash Funds Advanced -

  After obtaining the appropriate approval authorization, you will receive an advance from the operator of the petty cash fund for the anticipated purchase based on the estimated cost of the item. Upon purchase of the item, you will submit the paid invoice or receipt to the operator. Any differences between the amount advanced and the actual cost of the purchase should be reconciled on the Petty Cash Expense Reconciliation form. General instructions for completing and processing this form are also included in these guidelines.

  Petty Cash Funds Reimbursed -

  Again, after obtaining the appropriate approval authorization, you may go directly to the vendor, purchase the required item, return with the paid invoice or receipt, and request reimbursement. To request reimbursement you will complete the Petty Cash Expense Reconciliation form and return it to the petty cash fund operator. The operator will then reimburse you from the petty cash fund.

- **Petty Cash Fund Operator**

  You must ensure that any petty cash fund advance or reimbursement request is accompanied by a duly authorized Petty Cash Expense Reconciliation form. You will then audit the Petty Cash Expense Reconciliation form to ensure that proper procedures have been followed.

  Petty Cash Funds Advanced **-**

  When an employee wishes to obtain funds for a purchase, you will verify all information on the Petty Cash Expense Reconciliation form and advance funds to the employee. When the employee returns with the paid invoice or receipt, you will receive any differences between the amount advanced and the actual cost of the purchase, and audit the reconciliation. If the actual cost of the purchase is greater than the amount advanced to the employee, you will pay the balance to the employee from the petty cash fund.

Petty Cash Funds Reimbursed -

When an employee needs to be reimbursed for a purchase already made, you will verify all information on the Petty Cash Expense Reconciliation form and paid invoice or receipt, and disburse funds to the employee from the petty cash fund.

Petty Cash Funds Received from Finance-

It is your responsibility to maintain a reasonable balance in the petty cash fund. You can request a reimbursement by attaching all Petty Cash Expense Reconciliation forms to a City of Eureka Check Request Form (Exhibit D). The Finance Department will then issue a check in your name to be cashed and used to replenish the petty cash fund.

- **Finance Department**

Petty Cash Funds Advanced or Reimbursed -

The Finance Department operator will process all petty cash requests by employees for those departments without a petty cash fund, including but not limited to all offices within City Hall.

Petty Cash Fund Department Reimbursements -

The Finance Department will process all departmental petty cash reimbursement check requests. The Finance Office Manager will reconcile and process all check requests forwarded by department operators. Checks will then be issued to the operator to be cashed for replenishing the petty cash fund.

CASHIER'S CHANGE FUNDS MANAGEMENT

Approved Uses

- Cashier's change may be used to receipt monies.
- Cashier's change may be used for making change for customers. **Only** the Finance Office Manager or the Finance Department operator may make change for other cash funds.
- Cashier's change may be used to cash employees' personal checks up to the amount of $20. **Only** the Finance Department operator may cash personal checks. Any employee check that is returned to the City will be charged a return check charge that must be paid when the check is redeemed. If more than three checks in a one year period are returned, the Finance Department will rescind the employee's check cashing privileges.
- Cashier's change may **never** be used as petty cash.

- Cash funds are not to be used for financing IOU's, loans, or accounts receivable.

- No two-party checks will be cashed.

Cash Handling Procedures

- All checks taken in should have a restrictive endorsement placed on them as soon as they are received.

- All checks taken in should have the receipt number placed on them.
- Private funds should not be commingled with the cash fund.

- Each change fund should be balanced and all monies received by the department deposited, preferably on a daily basis, but no less than twice per week and more often if Finance deems it necessary.

- Each change fund should be maintained at the authorized amount recorded by the Director of Finance. All overages and shortages should be cleared from each change fund daily and reported to the Finance Department.

Cashier's Change Requests

- **Cashier's Change Fund Operator**

  It is your responsibility to maintain the cashier's change fund balance. When balancing, you should make sure money denominations are sufficient to provide change for the next day's customers. If money denominations are not sufficient, ask the Finance Department cashier's change operator or the Finance Office Manager to supply sufficient change. After balancing the cashier's change fund, you will forward revenue monies and accompanying receipts to the Finance Department.

- **Finance Department Cashier's Change Fund Operator**

  You will reconcile all monies received by outside departments against receipts for confirmation.

- **Finance Office Manager**

  You or your designated employee will balance the Finance Department cashier's change fund and prepare all monies for deposit with the bank.

EMERGENCY CASH ADVANCE FUNDS

In the event of an apparent emergency, such as military attack or sabotage, rioting, extraordinary fire, storm, epidemic, earthquake, or other disaster menacing life or property, the City Manager shall be empowered to authorize personnel to procure goods and services established under section 39.44 of the City's Municipal Code. Any cash advances will follow the guidelines set forth in this policy regarding petty cash advances.

The use of emergency cash advances is subject to the following criteria:

- The purchase could not practically be accomplished through any other purchasing procedure.
- The purchase is needed immediately.
- The cash disbursement is approved by the Department Head as well as one of the following: City Manager or Acting City Manager.

AUDITING OF PETTY CASH AND CASHIER'S CHANGE FUNDS

The custodian should verify the cash fund balances periodically throughout the year. The Finance Department will also perform an audit of all petty cash and cashier's change funds on a regular basis. When cash funds are counted by the custodian, Finance Department, or an auditor the operator must remain present.

VIOLATIONS OF PETTY CASH AND CASHIER'S CHANGE POLICY

Under no circumstances shall City personnel withhold money from a City deposit for any reason, including the establishment or maintenance of a petty cash fund or change fund. Any petty cash or change fund now in existence that is in violation of the above policy shall be immediately deposited.

Violations of this policy may subject employees to disciplinary action, up to and including termination.

Approved by the Council on , 2000 (Resolution No. 81-58)

OVERVIEW OF CASH PROCEDURES

PETTY CASH

Who	What
Department Head (Custodian	• Submit request to establish or increase petty cash fund. • Authorize or designate employees to act as custodian and operator(s) of the fund. • Authorize or designate employee(s) to approve purchases. • Maintain current and accurate records of all custodians, operators, and approval authorization employees. • Forward any changes in theses designations to Finance.
Requesting Employee	• Consult with Department Head on purchase. • Receive petty cash from operator (if advance). • Purchase item and return to operator with paid invoice or receipt attached to Petty Cash Expense Reconciliation.
Petty Cash Fund Operator	• Review Petty Cash Expense Reconciliation for conformance with City cash policy and authorized approval. • Process any payment due to employee if necessary. • Submit Petty Cash Expense Reconciliation attached to City of Eureka Check Request to Finance Department.
Finance Department	• Process check requests. • File Petty Cash Approval Authorizations. • Audit cash funds on a regular basis.

CASHIER'S CHANGE

Who	What
Department Head (Custodian)	• Submit request to establish or increase cashier's change fund. • Authorize or designate employees to act as custodian and operator(s) of fund. • Maintain current and accurate records of all custodians and operators • Forward any changes in these designations to Finance.
Cashier's Change Fund Operator	• Maintain and balance cash fund. • Forward all revenue monies with receipts to Finance.
Finance Department Cashier's Change Fund Operator	• Reconcile all monies received by outside departments. • Cash employee checks. • Provide change for other departments.
Finance Office Manager	• Balance Finance Department cashier's change fund and prepare monies for deposit. • Provide change for other departments.

COMPLETING THE FORMS

CASH FUND REQUEST

This form is to establish or increase an already established cash fund and requires the following information to be filled in.

- **Purpose of the Fund**. Justification for need of cash fund.

- **Amount of Cash Fund Requested**. Dollar amount of cash fund request.

- **Justification for Fund Amount**. Describes the reason why the dollar amount of cash fund has been requested.

- **Department Requesting Fund**. Self-explanatory

- **Department Head and Custodian**. Department Head requesting and name of designated custodian, if applicable.

- **Account Coding for Fund**. This will be the fund and cash account number to used for the fund. Finance will assign this account.

- **Location of Fund**. Details the physical location where cash fund will reside.

- **Security procedures and facilities.** Describes how and where physical security of the funds will be provided.

- **Director of Finance Approval.** This signature is necessary in order for a cash fund to be established.

- **Date.** Date of Director of Finance signature approving establishment of cash fund.

PETTY CASH APPROVAL AUTHORIZATIONS

This form is to establish who may give approval on petty cash fund disbursements. "Conditions" are limitations that a Department Head may set for employees (i.e. employee #2 may only sign if employee #1 is absent).

PETTY CASH EXPENSE RECONCILIATION

This form must be used to receive petty cash, either as an advance or reimbursement.

- **Employee.** Name of the employee who is receiving the cash.

- **Department**. The department requesting the cash.

- **Account No.** The account number to which the expenditure should be charged.

- **Date**. The date the petty cash is disbursed to the employee.

- **Description of Purchase**. This should include as detailed as possible a description of the item purchased.

- **Amount advanced**. This is the amount advanced to the employee before the purchase is made.

- **Actual Purchase Amount**. This is the actual cost of the purchase. A receipt showing this amount **must** be attached to the form.

- **Amount Due City**. The amount that the employee owes the City when he/she is advanced more funds than the actual purchase price.

- **Amount Due Employee**. The amount due the employee when the purchase amount exceeded the amount advanced.

• **Approved By**. Signature of authorized employee other the one
• **City Manager/Director of Finance**. This signature of one of these officials is required for all petty cash disbursements which exceed $25.00.

• **Received By**. The employee who is receiving the cash signs the form when he/she receives the advance or reimbursement.

CITY OF EUREKA CHECK REQUEST

This form is used to request a reimbursement to petty cash funds. The check request should be in the name of the operator of the cash fund. This request must be accompanied by Petty Cash Expense Reconciliation and supporting documentation.

CASH ASSIGNMENT

This form is used to designate who may handle cash funds. All employees who handle cash funds must have this form on file at the Finance Department. The type of cash fund must be specified (either Petty Cash or Cashier's Change). Also, the department to which the cash fund is assigned, as well as the location of the cash fund, should be designated.

The employee to whom the cash is assigned must sign, as either a custodian or an operator.

CASH FUND RECONCILIATION

This form is to be used by the operator, custodian, and/or Finance Department whenever cash fund reconciliations are performed.

• **Quantity**. The number of bills of a given denomination being held in the cash drawer.

receiving the petty cash.

• **Total Amount**. The total dollar amount of each type of denomination in the cash drawer.

• **Ending Cash on Hand**. The total of all cash in the cash fund at the time of reconciliation.

• **Cash Receipts**. The amount of revenue which are included in the "Ending Cash on Hand" total.

• **Expenditures to be Reimbursed**. If the fund is a petty cash fund, this is the total of all petty cash disbursements which have not been reimbursed, as evidenced by Petty Cash Expense Reconciliations and supporting documentation.

• **Authorized Cash Fund Balance**. The cash fund balance that has been authorized by the Director of Finance, as evidenced by an approved Cash Fund Request.

• **Discrepancy**. **This number should be $0**. If any other number shows here, an explanation must be provided.

• **Signatures**. The operator, along with the custodian and/or Finance Department, must sign and date the form to verify the reconciliation.

EXHIBIT A

CASH FUND REQUEST

Purpose of the Fund:

Amount of Cash Fund Requested:

Justification for Fund Amount:

Department Requesting Fund:

	Name	Signature
Department Head:		
Designated Custodian of Fund:		

Account Coding for Fund:

Location of Fund:

Security procedures and facilities:

Director of Finance Approval:

Date: _____

EXHIBIT B

PETTY CASH
APPROVAL AUTHORIZATIONS

DEPARTMENT	EFFECTIVE DATE	DEPARTMENT HEAD

EMPLOYEE NAME	EMPLOYEE SIGNATURE	CONDITIONS

OTHER COMMENTS/CONDITIONS:

Department Head Signature:

EXHIBIT C

PETTY CASH EXPENSE RECONCILIATION

Employee:

Department:

Account No: _____ Date:

DESCRIPTION OF PURCHASE:

Amount Advanced: $
Actual Purchase Amount: $
(Receipts documenting the actual purchase amount must be provided)
Amount Due City: $
Amount Due Employee: $

Approved By:* _____ Date:_____

City Manager/Director of Finance:*_____ Date:
Received By: _____ Date:

* Note: Signature of City Manager or Acting City Manager and Requesting Department Head are required for Emergency Cash Advance.

EXHIBIT D

CITY OF EUREKA
CHECK REQUEST

Date :

PAY TO THE ORDER OF:

-
-
-
-

$ _____
TOTAL AMOUNT OF CHECK

DATE TO BE ISSUED

DESCRIPTION OF CHECK TO BE ISSUED:
Petty Cash Reimbursement

Account No.	**Amount:**	$
Account No.	**Amount:**	
SPECIAL HANDLING REQUIRED FOR CHECK:		
PREPARED BY:		
DEPARTMENTAL APPROVAL:		
FINANCE DEPARTMENT APPROVAL:		

EXHIBIT E

CASH ASSIGNMENT

Type of Fund (circle one): **Petty Cash** **Cashier's Change**

Department:

Location:

	Name	Signature
Custodian:		
Operator:		

Amount Cash Received: $ _____

Date:

EXHIBIT F

CASH FUND RECONCILIATION

Date

Petty Cash **Cashier's Change**

Quantity	Denomination	Total Amount
	$100.00	
	$50.00	
	$20.00	
	$10.00	
	$5.00	
	$1.00	
	$0.50	
	$0.25	
	$0.10	
	$0.05	
	$0.01	
	Ending Cash on Hand	
minus(-):	**Cash Receipts**	
plus(+):	**Expenditures to be Reimbursed**	
minus(-):	**Authorized Cash Fund Balance**	( )
equal(=):	**Discrepancy**	

Explanation for Discrepancy:

Department:_____

Operator:_____Date:

Custodian:_____Date:

Finance:_____Date: