

Title:	Petty Cash	Effective Date:	10/01/2013
Author:	Shirley Greenlee	Last Review Date:	03/21/2021
Location:	All Locations	Last Revision Date:	03/21/2021
Functional Area:	Accounting/Payroll		

POLICY

A petty cash account is necessary to support small program expenses that require immediate cash payment. Accurate and continuous documentation and reconciliation of petty cash requests and purchases is vital to the daily functioning of a program. The policy for managing and processing petty cash ensures that (1) petty cash is used selectively for appropriate expenses; (2) petty cash is maintained in a secure location and restricted to specific authorized staff; and (3) the program maintains an ongoing balance adequate to meet its needs for cash purchases.

PROCEDURE

Designated Petty Cash Person:

Each program should have a designated individual(s) who has primary responsibility for managing the petty cash account for the program. The Petty Cash Person (PCP) has responsibility for maintaining the security and integrity of the petty cash funds, which are restricted from access by all other personnel except those explicitly designated by the Program Director or Corporate Contract Manager.

Locked Box:

The petty cash must be maintained in a secure locked box or safe. Only the PCP and authorized personnel have access to the locked box.

Maximum Withdrawal Limit:

Based on the expected needs of the given program, the Program Director will establish a maximum limit for unit withdrawals from the petty cash account of the program.

Request for Petty Cash:

The staff person requesting petty cash goes to PCP and explains what is needed and its anticipated cost.

1. The PCP considers whether the expense can or should be handled in another way and may confer with the requester to explore these alternatives, including:
2. Should the individual pay the proposed expense and then submit an Individual Expense Report form?
3. Is there adequate time to submit a Corporate Check Request to pay for the proposed expense?
4. Can the proposed expense be directly billed to the program?
5. Can purchase of the proposed item be used as an opportunity to arrange a Charge Account as a preferred or frequent customer with the vendor?

Decision about Request:

The PCP will determine whether the petty cash request is “reasonable” in its purpose and magnitude. If the petty cash request exceeds the maximum limit established for the program’s petty cash account or if there is another concern about the request, the PCP discusses the request with the Site Director or his/her designee and obtains signed authorization. [If approved, go to “Request Approved.”] - If the issue requires higher level approval or resolution, the Site Director should refer the decision to the designated Contract Manager. [If approved, go to “Request Approved.”]

Request Approved:

1. The PCP gives the cash to the requester, who then signs a Petty Cash Receipt for the amount.
2. The PCP places the Petty Cash Receipt in the Petty Cash Locked Box.

Daily Reconciliation:

1. The requester purchases the item using petty cash, then returns unused cash along with receipt(s) for the purchase to the PCP.
2. The PCP reconciles the returning cash and receipt(s) and marks the PETTY CASH RECEIPT with signature verified.
3. The PCP returns the receipt(s) and funds to the Petty Cash Locked Box.
4. The PCP enters the following information in the computerized Petty Cash Report spreadsheet: item; date; general ledger #, and amount paid out.

Submission of PETTY CASH REPORT form:

When approximately 25% of the petty cash fund has been disbursed, or at least monthly, the PCP should complete a reconciliation of the automated Petty Cash Report form for submission to the Corporate Accounting Department.

Corporate Accounting Processes Request:

1. Corporate Accounting records and processes the Petty Cash Report form.
2. The request is approved by the applicable Contract Manager.
3. Upon approval of the Controller, a check is issued to replenish the Petty Cash account for the program.
4. The President signs the reimbursement check. The check is delivered to the designated Petty Cash Person for deposit in the program's petty cash account approximately three weeks from the date the request was received in the Corporate Accounting Office.

Approved By: _____

Revision History

Version	Date	Author	Summary of Changes
#1	10/01/2013	Shirley Greenlee	Policy Created
#2	03/21/2021	Shirley Greenlee	Policy reviewed with the following changes: replaced VPO with Contract Manager