



ACCOUNTING & INTERNAL CONTROL POLICY MANUAL

Guideline C-02-1: Petty Cash and Change Fund Guidelines
Issued by: Auditor-Controller's Office
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These guidelines supplement the Petty Cash and Change Funds Policy and are established to provide a framework for managing such funds, including procedures. These Guidelines must be followed to comply with the Petty Cash and Change Fund Policy.

I. Petty Cash and Change Fund Establishment

The following steps must be taken to setup a petty cash or change fund:

- To request a new petty cash or change fund, the Department will complete written procedures over the internal controls of the fund. A sample internal control checklist is provided in Section IV of this document. These procedures along with completed Section 1 of "Request to Establish or Modify Petty Cash/Change Fund" form with detailed justification of the need for a petty cash/change fund must be provided to the Auditor-Controller's Office Internal Audit Division (ACO-IA)
- The ACO-IA will review the department's written procedures. Upon review ACO-IA will recommend the Auditor-Controller or designee to deny or approve. If the request is adequately justified for the business need and the written procedures with adequate internal controls are established by the requesting department then the ACO will notify the department and forward the ACO approval notification by signing the approval section of the request form
- Once the ACO approval is received, the Department will submit a payment claim in the financial system for a check in the approved amount to be disbursed to the custodian. The approved copy of the form must be used as the supporting documentation for payment request claim
- The check for the petty cash/change fund is then cashed at the County Treasury by the petty cash/change fund custodian, and monies kept in a secure location during business hours and locked in a vault or other locked area during non-working hours

II. Replenishing a Petty Cash Fund

- Before requesting a 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. In the event of an overage or shortage, the fund custodian must follow the policy and procedure for documenting and reporting overages and shortages as outlined in the Cash Handling Control Policy, C-01
- To replenish a petty cash fund, the Department will submit a payment request claim in the financial system
- The replenishment request should be done as needed
- Petty cash replenishment claims must attach original itemized receipts supporting the disbursed funds

III. Modifying or Closing the Existing Petty Cash and/or Change Funds

- To request to modify the amount or close the existing petty cash and change fund, the Department will complete Section 2 of "Request to Establish or Modify Petty Cash/Change Fund" form and submit to ACO-IA
- Upon approval, to decrease or close a petty cash or change fund, the Department will create a cash receipt document in the financial system and attach the approved request form submitted to the ACO as back-up. The returned funds will be deposited in the Treasury
- The department must provide the cash receipt number to the ACO-IA

IV. Petty Cash/Change Fund Operating Controls Checklist

The below checklist is meant as a guide to assist departments in preparing their written procedure and internal control documentation and is not meant to be all inclusive:

- Formally printed, pre-numbered vouchers will be used to ensure that all petty cash receipts are accounted for by the custodian
- All vouchers will be completed in ink to ensure they are not altered after completion
- All vouchers will be signed by the employee requesting reimbursement and by the department/division head or designated person. The custodian should not be the designated person. This procedure provides evidence that the employee received reimbursement and that someone approved the expenditure other than the custodian
- All vouchers will have the vendor's receipt(s) attached for the full amount being reimbursed from the fund. This will ensure that there are no duplicate reimbursements and that reimbursements are valid and for the correct amount
- Each expenditure should not exceed \$50
- All the guidelines outlined in the Petty Cash/Change Fund policy are strictly adhered to
- Petty cash replenishment checks will be made payable to an approved custodian. This reduces the risk of another employee, who is not responsible for the fund, cashing the check and misplacing the money
- Petty cash vouchers and attachments will be cancelled (stamped/marked paid) and submitted to the Auditor-Controller's Office through the financial system with the batch requesting fund reimbursement. This reduces the risk of reimbursing someone twice and the risk that someone else will reuse the attached receipt
- The petty cash custodian is independent of employees who handle any other cash receipts
- The petty cash fund will be periodically reconciled by someone other than the custodian. The petty cash fund will be reconciled, perhaps quarterly, by a supervisor who performs a surprise count of the cash and vouchers on hand and balances this total to the original fund amount. This reconciliation by the supervisor will be documented on a log kept in the petty cash box. The reconciliation ensures that any errors/irregularities by the custodian will be addressed in a timely manner. The documentation becomes a record of any discrepancy and provides audit evidence that this procedure was performed
- To ensure funds are safeguarded, the fund should be assigned to only one person and an alternate
- The petty cash fund alone (not commingled with a change fund) should be maintained in a box and always kept in a locked drawer or safe to reduce the risk of theft