

**Subject:** **PETTY CASH AND CHANGE FUND POLICIES AND PROCEDURES**

**Date:** **6/03/2009**

**Pages:** 1 of 8

**Replaces Policy Dated:** June 11, 1986

**DEFINITIONS**

**PURPOSE:** To provide guidelines for the establishment, closure, and appropriate usage of petty cash and change funds in compliance with the requirements of the Uniform Accounting Manual for Arizona Counties. Petty Cash Funds are used for making small, inexpensive or emergency purchases and shall not be used to avoid or circumvent the Pinal County Procurement Code, Food, Travel or Weapons Policies.

**DEFINITIONS:**

Change Fund: Used primarily for the purpose of supporting a County sales or service operation and for providing change to customers for these types of transactions. Change funds should not be used to reimburse expenditures or cash checks. Change funds remain constant and should be removed at the end of the day from the receipts in the register. Any differences in the cash receipts affect the day's receipts, and not the amount of the change fund.

Custodian: The individual responsible for possession and oversight of a petty cash fund or change fund.

Department Head: The Elected Official, Presiding Judge, County Manager, Assistant County Manager, or Appointed Department Director serving as the responsible party for conducting business on behalf of the County or Special Districts.

Petty Cash: A cash fund established specifically for minor disbursements of \$150 or less as defined in this policy. The petty cash fund should not be used as a change fund.

**POLICY:** A custodian is responsible for his/her petty cash fund and/or change fund. At any time, a petty cash custodian must be able to account for the dollar amount of the fund with cash, receipts and outstanding reimbursement payment vouchers. In the event of a fund overage or shortage, the custodian must notify their supervisor immediately. Personal funds cannot be used to eliminate shortages and excess funds cannot be removed to eliminate overages. At the end of the custodian's assignment, all funds must be accounted for and relinquished to the new custodian.

Petty cash fund or change fund monies and related documents must be kept in a secure location in a separate lockable container. If available, the cash should be locked inside a safe or vault at the close of business. Keys and lock combinations should be restricted to the custodian as well as an alternate person(s) as deemed appropriate by department management.

**APPLICATION:** This Policy applies to all Pinal County employees and employees of the Superior Court, including temporary, part-time and contract employees.

**PROCEDURES:**

Departments must notify the Finance Department and obtain approval to establish, close, change custodian, increase or decrease the amount of and obtain reimbursement for a petty cash or change fund. Departments should request reimbursements as needed. At fiscal year-end departments should request reimbursements to ensure that expenditures are recorded in the year they were incurred.

1. Establish a Petty Cash Fund or Change Fund

A completed Application for Establishment of a Petty Cash Fund or Change Fund (Exhibit A) and a Payment Voucher must be submitted to the Finance Department for approval and processing. A warrant will be issued to the custodian for the establishment of the petty cash fund or change fund. A copy of the approved application will be retained by the Finance Department.

2. Close a Petty Cash Fund or Change Fund

A reconciliation of all cash, receipts, and outstanding reimbursement payment vouchers must be performed before a petty cash or change fund can be closed. The full amount of the petty cash fund or change fund must be deposited with the County Treasurer's Office using a cash receipt. A copy of the Treasurer's validated cash receipt must be submitted to the Finance Department along with a completed Request to Close Petty Cash fund or Change Fund (Exhibit B).

3. Change in Custodian

Departments must notify the Finance Department when there is a change in custodian by submitting a completed Change in Petty Cash Fund or Change Fund Custodian form (Exhibit C) to the Finance Department. Before the fund is transferred to a new custodian, a reconciliation of all cash, receipts and outstanding reimbursement payment vouchers must be completed to ensure that all funds are intact. The new custodian shall be furnished a copy of the Petty Cash or Change Fund policy and made aware of his or her responsibilities and legal liabilities. The prior custodian will be accountable for any differences before the new custodian assumes the responsibility. If the former custodian has already left County employment then the Department Head is responsible for the differences.

4. Increase or Decrease a Petty Cash or Change Fund

A Request for an increase or decrease of a Petty Cash Fund or Change Fund (exhibit D) must be submitted to the Finance Department in order to change the amount in a petty cash or change fund. If the request is approved, the Finance Department will sign and return a copy of the final approved form to the department. If the Petty Cash or Change Fund is being increased then a payment request should be submitted to the Finance Department with a copy of the approved request to increase the fund. If the Petty Cash or Change Fund is being decreased then a copy of the County Treasurer's cash receipt form should be sent to the Finance Department for its records.

5. A record of authorized petty cash funds and custodians will be maintained in the Finance Department.

6. The following criteria apply when using petty cash funds for purchases:

- Individual purchases must be for \$150 or less and for County or Special District authorized purposes only.
- Petty cash **may not** be used for any of the following expenditures or activities:
  - a. Purchases which have been split to stay under the \$150 limit.
  - b. Payment of fines incurred by employees.
  - c. Meals, mileage, lodging or other such expenses incurred while on authorized travel status.
  - d. To compensate an individual for services rendered.
  - e. Subscriptions, memberships, registrations or tuition.
  - f. Cashing personal checks and receiving IOU's.

- g. Office supplies that can be purchased through the County's office supply contract, unless considered to be critical by the department for immediate needs.
  - h. To make change.
7. All disbursements of petty cash must be supported by original invoices, sales slips or other documentation that clearly states the purpose of the expenditure. Incidental items (less than \$10.00 for individual items such as payphone calls and parking meters) with no specific support can be advanced or reimbursed with written approval from the Department Head.

#### **REIMBURSEMENTS:**

The Finance Department will reimburse petty cash expenditures when the custodian submits a payment voucher. Departments should request reimbursements as needed and at fiscal year-end to ensure that expenditures are recorded in the year they were incurred. The year-end reimbursement must be submitted before the payment vouchers processing deadline indicated in the Finance Department Year End Closing Package. The following items must be attached to the payment voucher: original invoices, receipts and evidence of department approved "incidental items" (date, vendor, items purchased and amount). A warrant will be issued to the custodian to reimburse the petty cash fund and will be held for pick up at the Finance Department front desk.

#### **RECONCILIATIONS:**

The custodian and supervisor must reconcile change funds daily and petty cash funds monthly. The supervisor and custodian must perform reconciliation upon a change in custodian, the closure of a fund and at year-end.

The petty cash fund must be reconciled, as provided on the petty cash statement, each time it is submitted for fund replenishment. Petty cash fund overages or shortages must be promptly reported to the Finance Department for making the necessary credit or charge adjustment. See Exhibit E for an example of a reconciliation form. All funds should be accounted for with cash, receipts and outstanding reimbursement payment vouchers. Additional reconciliations may be performed as determined necessary by department management. If excessive and/or repetitive shortages or overages persist in the fund, the Department Head must take the applicable personnel actions to resolve the problem. This may include relieving the current custodian of his or her duties and establishing a new custodian.

The following steps should be used to perform the reconciliation:

- The custodian and supervisor will count the cash, reporting currency and coin by denomination.
- Total the cash, receipts and outstanding reimbursement payment vouchers.
- The custodian and supervisor should complete, sign and date the reconciliation sheet.
- All overages and shortages must be reported to the Department Head and documented appropriately.

Any overage must be deposited as miscellaneous revenue, object code 35550, using a cash receipt. Any shortage requires a payment voucher request, charging other miscellaneous services, object code 54593, to replace funds. For incidental shortages, department management must document the reason for the shortage and attach as support to the payment voucher request.

#### **REVIEWS AND AUDITS**

Departments should regularly review, at least annually, the need, size and use of their petty cash fund(s) and change fund(s). Recommended changes should be directed to the Finance Department for consideration and approval. The Finance Department and/or Internal Audit may perform unexpected reviews and/or audits, as deemed necessary, to ensure that petty cash and

change funds are properly administered, established for necessary purposes and funded at the appropriate level.

Exhibit A  
Application for Establishment of a Petty Cash Fund or Change Fund

Date:

To: Finance Department

From: <Custodian name>, <Department name>

Subject: Request for the Establishment of a Petty Cash Fund or Change Fund

I would like to apply for a <indicate Petty Cash or Change> Fund in the amount of \_\_\_\_\_.  
(Not to exceed \$500).

The fund will be used for the following public purposes(s):  
<Give examples of typical uses>.

I have read and understand the Petty Cash Fund and Change Fund Policy. I agree to abide by all applicable Federal, Grantor Agency, County and/or Department regulations, policies and procedures. In the event of a fund overage or shortage, I agree to notify my supervisor immediately. I understand that personal funds cannot be used to eliminate shortages and excess funds cannot be removed to eliminate overages. I understand that inappropriate use of the fund may result in disciplinary action.

At the end of my assignment as a <petty cash or change> fund custodian, I agree to return all <amount of petty cash or change> fund monies advanced to me to my supervisor as directed. If all fund monies are not returned prior to the end of my duties, I authorize Pinal County to deduct any missing funds from my paycheck.

Custodian information:

<Name>  
<Work Location Address>  
<Work Phone Number>

\_\_\_\_\_  
Signature of Custodian

Approval signatures:

<Supervisor's Name>  
<Work Phone Number>

<Department Head's Name>  
<Work Phone Number>

\_\_\_\_\_  
Signature of Supervisor

\_\_\_\_\_  
Signature of Department Head

\_\_\_\_\_  
Finance Department Approval Signature

\_\_\_\_\_  
Date

Exhibit B  
Request to Close a Petty Cash Fund or Change Fund

Date:

To: Finance Department

From: **<Custodian name>**, **<Department name>**

Subject: Request to Close a Petty Cash Fund or Change Fund

This request is to close the **<indicate petty cash or change>** fund for the **<Department Name>**.

Total Fund Amount     \$ \_\_\_\_\_

I, along with my supervisor have reconciled the fund following the procedures outlined in the Petty Cash and Change Fund Policy. All **<indicate petty cash or change>** fund monies advanced to **<Department Name>** have been deposited with the County Treasurer's Office. A copy of the County Treasurer's cash receipt and reconciliation form are attached to this request.

Custodian information:

**<Name>**

**<Work Location Address>**

**<Work Phone Number>**

\_\_\_\_\_  
Signature of Custodian

Approval signatures:

**<Supervisor's Name>**

**<Work Phone Number>**

**<Department Head's Name>**

**<Work Phone Number>**

\_\_\_\_\_  
Signature of Supervisor

\_\_\_\_\_  
Signature of Department Head

\_\_\_\_\_  
Finance Department Approval Signature

\_\_\_\_\_  
Date

Exhibit C  
Change in Petty Cash Fund or Change Fund Custodian

Date:

To: Finance Department

From: **<New Custodian name>**, **<Department name>**

Subject: Notification of Change in Petty Cash Fund or Change Fund Custodian

Please change the custodian for **<Department Name Petty Cash Fund or Change Fund>**. I, along with my supervisor, have reconciled the fund following the procedures outlined in the Petty Cash and Change Fund Policy. A copy of the reconciliation form is attached to this request.

I, **<new custodian's name>** have read and understand the Petty Cash fund and Change Fund Policy. I agree to abide by all applicable Federal, Grantor Agency, County and/or Department regulations, policies and procedures regarding **<indicate petty cash or change>** funds. It is my responsibility to verify the completeness and accuracy of the fund. In the event of a fund overage or shortage, I agree to notify my supervisor immediately. I understand that personal funds cannot be used to eliminate shortages and excess funds cannot be removed to eliminate overages.

At the end of my assignment I agree to return all fund monies advanced to me to my supervisor or as directed. If all fund monies are not returned prior to the end of my duties, I authorize Pinal County to deduct any missing funds from my paycheck.

New custodian assumes responsibility of \$\_\_\_\_\_

Custodian information:

**<Name>**

**<Work Location Address>**

**<Work Phone Number>**

\_\_\_\_\_  
Signature of Custodian

Approval signatures:

**<Supervisor's Name>**

**<Work Phone Number>**

**<Department Head's Name>**

**<Work Phone Number>**

\_\_\_\_\_  
Signature of Supervisor

\_\_\_\_\_  
Signature of Department Head

\_\_\_\_\_  
Finance Department Approval Signature

\_\_\_\_\_  
Date

Exhibit D  
Request for Increase or Decrease of a Petty Cash Fund or Change Fund

Date:

To: Finance Department

From: **<Custodian name>**, **<Department name>**

Subject: Request for Increase or Decrease of a Petty Cash Fund or Change Fund

This request is to **<indicate increase / decrease>** the **<indicate petty cash or change>** from \$\_\_\_\_\_ to \$\_\_\_\_\_.

This request is necessary for the following purpose(s):  
**<Specify reasons for the request>**

Custodian information:

**<Name>**

**<Work Location Address>**

**<Work Phone Number>**

\_\_\_\_\_  
Signature of Custodian

Approval signatures:

**<Supervisor's Name>**

**<Work Phone Number>**

**<Department Head's Name>**

**<Work Phone Number>**

\_\_\_\_\_  
Signature of Supervisor

\_\_\_\_\_  
Signature of Department Head

\_\_\_\_\_  
Finance Department Approval Signature

\_\_\_\_\_  
Date

