

Urbana Park District Petty Cash Procedures

Purpose

The purpose of a petty cash fund is to allow for the reimbursement of minor business expenses and to permit the purchase of low-value supplies and services in an efficient and cost effective manner. These funds are available for small expenses when it would be otherwise impractical to purchase items through the usual purchasing methods. An established custodian is responsible for ensuring the cash on hand and receipts equal the authorized amount of the fund at all times. Petty cash funds must be kept separate from cash drawers, personal funds, and any other collected revenue.

These procedures promote the use of petty cash for appropriate business transactions, while assuring the observance of internal controls over petty cash funds in order to minimize the District's risk of financial loss.

These procedures provide guidance for the authorization, establishment, and maintenance of petty cash funds, including appropriate uses and security standards. Each individual, program, and department which uses petty cash should review and understand the petty cash procedures.

Designation of Petty Cash Custodian

A petty cash custodian is defined as a designated full-time staff member who is directly responsible for the safekeeping and (at least monthly) reconciliation of a petty cash fund, as well as adherence to District procedures for all reimbursements and payments made from the fund. In the absence of the custodian, the custodian's supervisor may access the fund to support staff needs.

A petty cash custodian is appointed by the department head. The original check written to establish the fund, and all subsequent checks written to replenish it, are made payable to the custodian of the fund.

Written instructions, including these procedures, must be followed in using petty cash funds and should be provided to the custodian.

Security of Petty Cash Funds

It is the custodian's responsibility to provide adequate precautions for the safekeeping of the funds under his/her control. Cash and receipts for expenditures must be kept in a locked container such as a safe, fire-proof file cabinet, or other suitable device to which unauthorized access is difficult.

Funds should never be left unattended or unsecured. In the event of a theft, the loss must be reported to the police. Any funds missing from petty cash will be charged to the department and the custodian may be subject to disciplinary action for any violations of these procedures contributing to the loss of funds.

Establishing Petty Cash

A petty cash fund may be established in a department to improve the efficiency of departmental operations. These funds are available to purchase minor items when it would be otherwise impractical to purchase items through the usual purchasing methods (i.e. parking meters, postage due, emergency office supplies, etc).

Any department wishing to establish a petty cash fund must demonstrate a true business need. The department head submits the following items to the Executive Director for approval:

1. The attached form justifying the need for a petty cash fund and designating the fund custodian. The form includes:
 - The reason for the fund
 - The dollar amount of the fund
 - The name, title, and employee number of the individual who will act as petty cash custodian
 - A description of how and where the funds will be secured
 - Signature of the petty cash custodian, in acceptance of the responsibility of the fund
 - Approval signature by the department head

2. A voucher request to issue a check to the fund custodian. Follow these guidelines to fill out the voucher request form:
 - Payable to the designated fund custodian in the amount requested
 - Description should state “to establish a petty cash fund for [department/program]”
 - Signed by the department head

After approval from the Executive Director, both items are given to Accounts Payable for processing. The petty cash custodian will receive a check payable to him/herself and a copy of the current petty cash procedures. Petty cash checks may be cashed at Chase Bank. Department heads will be asked by the Business Office to complete this form on an annual basis to verify the continued need of petty cash for each program/department petty cash fund.

Procedures for Petty Cash Purchases

Petty cash funds may only be established and used for the following authorized purposes:

- *Necessary and reasonable* small business transactions, not to exceed the available amount of the fund.
- *Emergency* purchases of office supplies.
- *Necessary and reasonable* food (such as sandwiches and beverages) brought into the office for business meetings.
- Local transportation, parking, and tolls (all airfare, train tickets, and car rentals are to be submitted through travel/training expense records)

The District does not pay Illinois sales tax. Therefore, to save time and confusion, it is wise to obtain the UPD sales tax exemption letter from the petty cash custodian before making a purchase.

Petty cash funds may not be used for the following:

- Expenses in excess of the petty cash funds available.
- Payment of sales tax on any purchases within Illinois since UPD is a tax exempt organization and does not reimburse Illinois sales tax.
- Cashing of personal checks or providing personal loans.
- When other established purchasing procedures already apply:
 - When the employee’s Chase Purchase Card (P-Card) can be accepted for payment.
 - Travel per diems. A Request for Travel Per Diem form should be completed to issue these funds

- Reimbursements to a single staff person totaling greater than \$20, including the emergency purchase of supplies and minor equipment. This should be reimbursed directly to the employee on a separate voucher request.
- Purchase of items which are prohibited under petty cash procedures:
 - Alcoholic beverages and tobacco or controlled substances
 - Donations
 - Illinois sales tax
 - Personal items
 - Any items that are intended to be used or consumed for other than UPD business use.

Disbursements from petty cash funds must be properly documented and for a valid District purpose.

Obtain, when necessary, a petty cash advance from the fund custodian. The advance is provided to the employee only to purchase legitimate petty cash items. Each time an advance is given, the custodian must maintain the following information on a Petty Cash Received Form:

- Amount of the advance
- Date
- Purpose/Description
- Recipient
- Recipient's signature
- The employee is responsible for returning any unused cash and receipts within one business day of the transaction.

Make the purchase, paying for the item with personal monies or with the petty cash advance and obtain an itemized receipt or cash register sales slip. Receive reimbursement for the purchase from the petty cash custodian when personal monies are used or return any unused portion of the petty cash advance to the petty cash custodian immediately after the purchase is made. Present the original sales receipt or cash register sales slip to the petty cash custodian. The receipt must include:

- Date of purchase
- Name of Vendor/payee
- Description of the items
- Itemized amounts paid

The total receipts plus the cash on hand must equal the specified amount of the petty cash fund at all times.

Replenishment/Reconciliation of Petty Cash

Replenishment of the petty cash fund should be done on a timely basis but will vary by department. In general, petty cash replenishment should be requested when the check amount will be greater than \$20. In addition, all funds should be replenished at the end of the fiscal year, regardless of the dollar amount, so there are no outstanding receipts as of April 30.

A Voucher Request Form for the amount to be reimbursed must be completed and sent to the Business Office along with the original receipts and Petty Cash Received forms. It is the responsibility of the custodian to ensure that each Petty Cash Received form is complete, accurate, and accompanied by original receipts.

The Voucher Request Form should include the following:

- Payable To: Custodian Name, [department/program] Petty Cash

- Account code, description, and dollar amount for each purchase. Totals may be grouped by account if the account/description is the same for multiple purchases.
- Requested by: Signature of fund custodian
- Approval signature of the department head

Regardless of whether reimbursement is requested, reconciliation of petty cash funds should be performed by the custodian at least monthly. Complete the Petty Cash Reconciliation Form to insure the receipts plus cash on hand is equal to the amount of the authorized petty cash fund. It is encouraged that custodians perform reconciliations each time the petty cash fund is accessed.

If receipts plus cash on hand are more than the authorized amount, this is an overage and must be brought to the Business Office to be deposited as a petty cash overage.

If the receipts plus cash on hand are less than the authorized amount, this is a shortage. If the amount is significant, it will be reported immediately by the Business Office to the police for investigation. If the amount is less than \$20, report this on your petty cash reimbursement request.

Internal Control Procedures

These funds are subject to periodic audits. Recurring audit findings may result in revocation of the petty cash fund or reassignment of the custodian.

A surprise cash count of each petty cash fund, including a review of the documents on hand, must be performed annually or more frequently if the Business Office or department head determines that this is necessary.

The following procedures must be followed:

- An employee from the Business Office performs the count.
- The employee should be selected to perform a specified cash count only for this one instance, i.e., the designation should terminate upon completion of the assignment.
- An employee who is the custodian of other cash, or who reports to, or whose work functions directly relate to, those of the custodian whose cash is to be counted, should not be selected to perform this count.
- Any major discrepancies disclosed by the cash count should be reported to the Business Manager and the department head of the petty cash fund in question.

Transferring Custodianship

The department head is responsible for reporting any changes in petty cash custodians to the Business Office. Prior to a new custodian taking charge of a petty cash fund, the former custodian should replenish the fund so that the fund has the established amount of cash on hand.

The department head submits the attached form with the following information to the Executive Director for approval:

- Removal of the former custodian from the fund
- The new fund custodian's name and employee number
- Signature of the petty cash custodian, in acceptance of the responsibility of the fund
- Approval signature by the department head

This form must be sent to Business Office prior to any petty cash replenishments to the new custodian. Accounts Payable will not reimburse a petty cash custodian unless the name is on file as the current custodian.

Increasing/Decreasing/Closing Petty Cash Funds

Increasing a petty cash fund: When additional petty cash funds are needed, the department head sends the attached form to the Executive Director justifying the increase. Also include a Voucher Request Form payable to the fund custodian in the amount of the requested increase.

Decreasing a petty cash fund: A petty cash fund should be reduced if the amount of the fund exceeds the actual needs of the department. The amount which is no longer needed should be returned to the Business Office along with the attached form indicating that the fund is being reduced.

Closing a petty cash fund: The custodian of a Petty Cash Fund should close the fund immediately if the purpose for which the fund was established ends or changes significantly. When a petty cash fund is no longer needed, the fund custodian should first replenish the fund to the authorized amount. This amount must be returned to the business office along with the attached form indicating that the fund is being eliminated.

Petty Cash Fund Custodian Establish/Change Form



Urbana Park District
303 W University Ave
Urbana, IL 61801
Phone: 217-367-1536
www.urbanaparks.org

Establishment/Change of Petty Cash Fund

Petty Cash Fund Department / Program Name _____

Department Head Name _____

Reason for Fund / Reason for Change: _____

Action Requested: Create Fund Reduce/Increase Fund Eliminate Fund

Previous \$ Amount of Petty Cash Fund _____ New \$ Amount of Petty Cash Fund _____

Establishment/Change of Petty Cash Custodian

Previous Petty Cash Fund Custodian Name _____ Employee # _____

Title of Previous Petty Cash Fund Custodian _____

New Petty Cash Fund Custodian Name _____ Employee # _____

Title of New Petty Cash Fund Custodian _____

Describe how funds will be secured/stored _____

As petty cash custodian, I have read and understand the Urbana Park District Petty Cash Procedures and accept the responsibility of the petty cash fund named above:

Petty Cash Fund Custodian Signature _____ Date _____

Department Head Signature _____ Date _____

Executive Director Signature _____ Date _____

Petty Cash Reconciliation Sheet



Urbana Park District
 303 W University Ave
 Urbana, IL 61801
 Phone: 217-367-1536
 www.urbanaparks.org

Cash-on-hand plus receipts should equal total fund amount.

Reconciliation must be performed by custodian at least monthly. Attached more Reconciliation Sheets as needed.

Reimbursement should be requested when amount is greater than \$20.

BALANCE RECORD		Voucher Request Date	Voucher Request Amt	Date Check Rc'd	
DATE	BALANCE				
Example 5/1/12	\$100 = \$100 cash				
5/15/12	\$100 = 82.24 cash, \$17.76 receipts				
6/1/12	\$100 = \$46.79 cash, \$53.11 receipts	6/1/12	\$53.11	✓	6/5/12
6/5/12	\$100 = \$100 cash				