

535 - Petty Cash and Imprest Fund Accounts Policy

1.0 DEFINITION

This Policy applies to any Self-checking account where a fixed balance is maintained by regular replenishments and used for paying small, routine operating expenses. For purposes of this policy, imprest funds include petty cash funds (whether maintained as cash or revolving checking accounts).

2.0 PURPOSE

Imprest accounts will be established at the discretion of the William Shore Metropolitan Park District (District) Executive Director or the District Accountant. The purpose of this policy is to:

- Establish a procedure for authorization of imprest accounts
- Establish organization wide management policies for imprest accounts
- Establish procedures for reporting, investigation, and correction of shortages or overages

3.0 ESTABLISHMENT

A request to the Executive Director or the District Accountant to establish an imprest account or to increase an existing account should include the following information with the request:

1. Name and budget number of the requesting the account
2. Name of custodian who will be responsible for safeguarding and managing the account
3. Proposed amount in the account
4. The justification for the account
5. Security procedures to safeguard cash
6. Specific location of fund (building and room number)
7. District Board Approval re-authorizing all existing imprest accounts in the department and establishing the one being requested

All imprest accounts will be established or modified by Executive Director or District Accountant approval that includes the reauthorization of all existing imprest accounts. The District Accountant or the Executive Director can elect to close any Petty Cash accounts not needed.

4.0 PETTY CASH

Petty cash accounts will be maintained as revolving imprest accounts to be used only for small purchases that require an immediate cash payment or to reduce the overhead cost associated with the issuance of multiple small warrants. Petty cash accounts shall not be used as a means to circumvent proper purchasing procedures.

4.1 Use and Documentation of Petty Cash

All expenditures from petty cash funds must comply with the District purchasing ordinance and policy. All expenditures to be reimbursed from petty cash must be approved by the Aquatics Manager (Custodian). Any reimbursement made to the custodian of the petty cash account must be approved by the Aquatics Manager. A receipt is required to support each purchase that is presented to the account for reimbursement.

It is the responsibility of the fund custodian to determine if the purchase meets the requirements as set forth in this petty cash policy. At the time reimbursement is made from petty cash, a Petty Cash Disbursement Slip must be prepared showing: the date petty cash was paid; the person to whom payment was made; the amount of the payment; the BARS expenditure coding for the disbursement; and an explanation of the purpose for the purchase. The original receipt documenting the item purchased must be attached to the disbursement slip and must contain the following information:

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1. Date of purchase
2. Name of vendor
3. Positive evidence that a payment was made (e.g., a cash register receipt or handwritten receipt on which the word "paid" appears)
4. The amount paid
5. A description of the goods purchased (entered by the vendor if a handwritten receipt is obtained or by the purchaser if a cash register tape is issued)
6. A signature indicating receipt of goods

Receipts should be signed by the custodian, dated with the date paid, and stamped "Paid" to prevent reuse and duplicate payment. At any given time, cash on hand plus receipt documents must equal the authorized amount of the account. It is the responsibility of the fund custodian to maintain a current record of the account's financial status.

The custodian for each fund is responsible for ensuring that the petty cash account is counted and reconciled at least annually by someone other than the custodian. Reconciliation shall occur no later than the last day of February of each year.

The cashier till is to be considered a petty cash account. The cashier till is to be reconciled each day.

4.2 Prohibited Uses

An item that would be prohibited for payment through normal disbursement channels is also prohibited from being purchased with petty cash funds. The fund custodian must carefully monitor purchases with petty cash funds since these purchases bypass the Auditor's normal approval channels prior to payment.

Following is a non-exclusive list of items that may not be reimbursed/paid from petty cash:

1. Single purchases in excess of the lesser of \$250 or 1/2 of the imprest amount of the account
2. Payment for services (petty cash is for payment for goods only)
3. Expenditures for non-business-related item
4. Cashing personal checks
5. Items purchased more than 30 days prior to request for reimbursement

The Executive Director or the District Accountant may institute additional restrictions as they deem appropriate for their own petty cash accounts. The Auditor's office is not allowed to reimburse prohibited expenditures. Petty cash is not to be used for the receipt of any money other than the original balance or increases authorized by the District Accountant or Executive Director, periodic reimbursements for expenditures, and change received back on a purchase.

4.3 Petty Cash Replenishment

A petty cash account may be reimbursed as frequently as required but must be reimbursed at the end of the year if cash has been disbursed, so that expenditures will be charged to the proper year. The petty cash custodian must prepare a voucher with the supporting petty cash disbursement slips, paid receipts, and the Account Reconciliation Form.

5.0 DISCREPANCIES

5.1 Investigation Required

If an account cannot be balanced by the responsible employee, the Aquatics Manager will attempt to balance the account. If the account cannot be balanced by the Aquatics Manager, the following steps will be performed:

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- a. Discrepancies \$100 or less - Note the discrepancy on the reconciliation sheet. Investigate the overage or underage to determine the cause and circumstances.
- b. Discrepancies of more than \$101 or - (in addition to the above) If there is a shortage, report the incident to the Port Angeles Police Department and request an investigation. All employees will cooperate with the investigation. A copy of the completed investigation will be forwarded to the District Accountant and the District Board.

The Aquatics Manger and supervisors are required to monitor shortages. Repeated shortages from a particular cash drawer is an indicator of employee misconduct, employee inattention, improper procedures, or lack of training and must be dealt with accordingly.

5.2 Responsibility for Cash Shortage

The imprest or petty cash account custodian is responsible for maintaining proper account of the amounts in the imprest account. Unexplained or unaccounted shortages to the account are the personal responsibility of the custodian.

6.0 SECURITY

Imprest account funds and supporting documentation must be kept in a safe location and must not be commingled with any other funds. The Executive Director or District Board Chairman must be notified immediately if the account is missing and/or theft is suspected. All suspected thefts are to be treated confidentially as an investigation may be ongoing. Imprest accounts may be audited (unannounced) at random times throughout the year by the Executive Director, District Accountant, County or State Auditor. Persons declaring themselves as authorized to conduct an audit must be identified before funds or records are relinquished. The custodian should remain with the auditors at all times to observe the counting of funds and examination of records. As part of the annual financial report each custodian will confirm the amount of the account in his/her custody as of December 31.

7.0 CHANGE OF CUSTODIAN

The Aquatics Manager will notify the Executive Director when a new individual becomes custodian of an existing imprest account on a temporary or permanent basis. The outgoing account custodian must ensure that the account is replenished before it is turned over to a new custodian. The final voucher that replenishes an account at the time of transfer of custodial duties must be signed by both the outgoing and incoming custodians to indicate turnover of the full imprest balance of the account. Undocumented transfer of custody between employees is not permitted.

8.0 CLOSEOUT

When the account is no longer needed as determined by the Aquatics Manager or Executive Director the following steps must be taken:

- a. Notification of the Executive Director
- b. Submission of final voucher for all remaining receipts
- c. Deposit of the entire imprest amount to the District bank accounts