

ADMINISTRATIVE CODE

BOARD OF COUNTY COMMISSIONERS

<u>CATEGORY:</u> Financial/Fiscal/Budget	<u>CODE NUMBER:</u> AC-3-20
<u>TITLE:</u> Change Funds/Petty Cash/ Imprest Accounts	<u>ADOPTED:</u> 4/7/93 <hr/> <u>AMENDED:</u> 9/21/94 3/27/96 3/20/01 3/16/04 <hr/> <u>ORIGINATING DEPARTMENT:</u> County Administration
<u>Purpose/Scope:</u> The purpose of this code is to describe the procedures for establishing a Change Fund, Petty Cash and Imprest Fund (Funds) as well as the responsibilities of the fund's custodian, restrictions for use, changing custodians, revocation and/or closing of the accounts. <u>Policy/Procedure:</u> The definition of Change Funds, and Petty Cash and Imprest Accounts for the purpose of this policy follows: a. <u>Change Funds</u> are used in conjunction with cash receipting activities represented by payments from the public. Change funds are committed to cashiers or placed in change machines for the purpose of supplying change to customers. Change funds, in this context, are defined as a control medium for the safeguard of cash (checks, bills, or coin) received during the conduct of daily activities of a unit. At the close of each business day the total amount of cash received during the day should be deposited and the original amount of the change fund retained. b. <u>Petty Cash</u> is a relatively small amount of cash on hand available for minor (\$200 & under) disbursements. The fund should be reimbursed at least quarterly. c. <u>Imprest Fund</u> is a fixed fund in the form of a checking account maintained for pre-defined expenditures that must be made in cash at the time of purchase or incurring the liability. The fund is from time to time restored to its original amount by a transfer from general cash of a sum equal to the aggregate of the disbursements. Implicit in the concept is a review by a higher authority of the propriety of the expended amounts before reimbursement.	

Policy/Procedure: (continued)

The integrity of Petty Cash, Imprest Accounts and Change Funds is the responsibility of Department heads and under the control of designated, qualified individuals, known as the fund's custodians. The procedures outlined below were developed to provide a uniform and systematic method for the establishment and maintenance of the Funds

Establishment of Cash Drawer/Change Funds/Petty Cash and Imprest Accounts

Funds may be requested by any area within Board government that has need of such, providing it receives all required authorizations and approvals. The amount of a fund will vary depending on the needs of the user and the physical security within the department. Any future increase in a fund must also have the same authorizations and approvals.

All Petty cash and change funds will be established through the Clerk's Finance Department. Written requests for the establishment of these funds are to be sent to the Department Director for approval, and action using the "Petty Cash/Change Fund Action Request Form" provided by Finance.

Imprest Accounts are considered and approved on a case-by-case basis. The basic policies and procedures identified for petty cash will be included in the development of each imprest account. Written requests for the establishment of imprest accounts are to be sent to the County Manager or designee for approval. The Clerk's Finance Department will open a bank account and coordinate with the appropriate department personnel.

As part of the original Petty Cash Action Request form there will be a "Custodian's Statement of Responsibility." This must be completed and signed by the designated custodian of the change fund, petty cash or Imprest account prior to approval of the fund. Any change in custodianship will require a new form.

The approved Petty Cash/Change Fund Action Request form will be submitted to Finance for processing; Finance will then complete the process and make the disbursement to establish or increase the fund. Request for these accounts should contain: (1) Reason for the fund; (2) Amount requested; and (3) Individuals assigned custodianship for the fund.

Custodian's Responsibilities

- a) The custodian(s) of the fund is fully responsible for its safekeeping and for its proper usage (see section on use criteria and restrictions). The custodian must exercise caution in the administration and protection of the fund in his/her possession.
- b) The fund should be locked at all times (e.g., cash drawer, strong box or a cash register), and the key should be kept in the custodian's possession. Any discrepancies in the fund are the responsibility of the custodian.
- c) Funds lost due to the custodian's improper safeguarding, or due to misuse are the liability of the custodian(s) and must be repaid by the custodian(s). Funds lost due to circumstances beyond the control of the custodian(s) must be repaid from the unit's monies or other available operating monies.
- d) Overages in the fund must be deposited separately from daily revenues. Shortages in the fund must be replaced in an amount equal to the authorized amount of the Fund (see (c) above).
- e) Authorized custodian(s) shall be verified annually with the Finance Department using the "Custodian's Statement of Responsibility".

Use Criteria and Restrictions

Change Funds

The following are the criteria for which Change Funds are to be used:

- a) Change funds are to be used in conjunction with daily cash receipting activities and for making change as the occasions arise.
- b) Change funds should not be co-mingled with other funds, such as petty cash.
- c) No expenditures or advancements will be made from change funds.
- d) Change funds should not be used to offset cash overages or shortages of other receipting activities.
- e) After the day's close of business and after the reconciliation of the day's cash receipts, change funds will be re-established to the original authorized amount in preparation for the beginning of the next day's business.

Change Funds (continued)

- f) Independent random cash counts may be conducted periodically by a department individual other than the individual designated to control respective change fund.
- g) Change funds will be subject to periodic audits by the Clerk of Courts, Internal Audit Department.

Petty Cash

It is recommended that each Department/Division Director, authorizing a petty cash fund, establish internal control procedures for making and approving petty cash expenditures. A Department/Division Director and/or Custodian shall have the authority to disallow any expenditure not made in accordance with its internal policy and/or County policies and procedures.

Petty Cash may be used for, but not limited to the following:

- a. The purchase of goods and/or services (per single vendor transaction) up to \$200 that has not been identified as an item for which petty cash may NOT be used.
- b. Bridge and roadway tolls
- c. Fuel and Lube purchases up to \$40 (to assist employee when NO other County source is available; please note: This limit of \$40 does NOT apply to purchase of fuel for County aircraft).
- d. Food supplies, etc. for County-sponsored functions under Ordinance #90-18 that have received Department Director approval.
- e. Reimbursement of (or) Advance of "Local" and "In State" travel expenses: Travel must still be approved, appropriate forms must be completed and submitted with the petty cash request. Total cost of all transactions connected with the same trip cannot exceed \$200.00 limit and cannot be split between petty cash and direct vouchers.

Petty Cash may NOT be used for:

- a) Any item available on an annual quote.
- b) Internal Service Charges.
- c) Contracted or Professional Services (requiring written contracts or agreements).
- d) Any purchase or service requiring Board approval.

Petty Cash (continued)

- e) Any "Personnel" services type of activity (Object codes 501XXX or 502XXX).
- f) Advertising required through statute, ordinance, etc.
- g) Utility Services
- h) Fuel and Lube purchases in excess of \$40 (except for County aircraft purchases). "Out-of-State" and "International" travel expenses and related seminar registration fees. EXEMPTION: EMS Personnel as per Resolution #79-12.
- i) Reimbursement of Safety Shoe purchases by employees.
- j) Loans

Imprest Accounts

- a) Each Imprest Account will be created by the Clerk's Finance Department per statute guidelines, and all communication with the bank officers shall be directed to the Clerk's Finance Department's Revenue Office.
- b) Each Imprest Account will be reconciled monthly by the Finance Department and all unreconciled items will be resolved with the Imprest Account's custodian.
- c) Check registers will be maintained in a locked facility under the control of the custodian.
- d) Consideration should be given to proper segregation of duties related to the account. Clerk's Internal Audit and Finance Department will assist in each case as needed.
- e) Reimbursement will be handled in the same manner as Petty Cash.
- f) A standardized Petty Cash "Voucher/Reimbursement Request" form will be required by all departments; these forms will be numbered, and letter size. The petty cash custodian will be responsible for the completion, processing, and maintenance of these forms. It is recommended the Department's COPY be kept in a three-ring binder for easy reference. All ORIGINAL receipts/invoices should be kept in the petty cash box until the petty cash reimbursement is requested.

Imprest Accounts (continued)

- g) The account is to be used for the specific purpose identified at time of creation.

Replenishing Petty Cash and Imprest Accounts

To replenish petty cash and imprest accounts, the custodian of the fund must complete the "Petty Cash Voucher/Reimbursement Request" section of the petty cash report form, obtain the custodian and a witnessing signatures, attach vendor's invoice/receipts and submit all ORIGINALS to Finance. Receipts for the same vendor during the same calendar week (Monday-Friday) may be added and submitted as one item on the Petty Cash report form provided the account is the same. A copy of the report form should be kept by the custodian, in addition to any copies of vendor invoices that may be needed by the department.

Changing Custodian of Funds

In the event of a change in custodianship, the former custodian must submit a reimbursement request for any Petty Cash or Imprest Account vouchers not yet reimbursed. A new "Custodian's Statement" of the Fund Action Request form should also be completed and sent to Finance at that time. The reimbursement check will then be made payable to the new custodian of the fund.

Revocation of a Fund

If the Finance Department or Internal Audit Department determines that a Fund is being misused or not properly accounted for, the fund will be closed or custody transferred to another individual. The Department Director may close Funds at any time without reason.

Closing Funds

Departments wishing to close Funds should send the exact cash amount of the approved fund along with an Action Request form to the Finance Department stating their intention to close the fund.

The "Petty Cash/Change Fund Action Request" and "Custodian's Statement of Responsibility" forms will be provided via the Finance Department.