

PETTY CASH USE

Policy Number:	FIN 101
Effective Date:	Approved by the Eastern Washington State Historical Society (EWSHS) Board of Trustees on March 3, 2021.
Application:	Applies to all employees, board members, volunteers and contractors of the EWSHS.
History:	This policy renumbers prior BP 110 dated April 6, 2016.

Article I PURPOSE

1.1 This Policy is implemented consistent with the EWSHS's obligation to adopt policies and procedures in accordance with Washington State Administrative and Accounting (SAAM) Manual: Policy 85.50.50.d Petty cash internal control procedures including the disbursement and reconciliation procedures for petty cash accounts and policy 85.50.70.a - Establishing local petty cash accounts.

1.2 EWSHS utilizes a petty cash account to make payments when issuing a warrant/check is not practical or timely and for making change in across-the-counter cash transactions, during the normal course of business.

Article II POLICY STATEMENT

2.1 Responsibilities for Administration and Compliance

- 2.1.1 **Petty Cash Custodian:** EWSHS delegates the authority for the agency petty cash funds to be administered by the Fiscal Analyst. This authorized designee is responsible for ensuring compliance with the following procedures and internal control requirements.
- 2.1.2 Since the EWSHS petty cash account is in excess of \$100, it must be stored in the agency safe at all times.
- 2.1.3 The Chief Financial Officer (CFO), as Custodian of the petty cash account, shall be covered by a surety bond in the full amount of the account at all times and all advances to it, conditioned upon the proper accounting for and legal expenditure of all such funds, in addition to other conditions required by law.
- 2.1.4 The use of the petty cash account shall be restricted to miscellaneous petty or emergency expenditures, refunds legally payable by EWSHS, and for cash or change to be used in the transaction of the agency's official business.
- 2.1.5 All expenditures made from petty cash shall be charged to an existing appropriation for such purpose, except expenditures chargeable against funds for which no appropriation is required by law.

- 2.1.6 All expenditures or refunds made from petty cash shall be reimbursed out of and charged to the proper appropriation or fund at the close of each month and such other times as may be necessary.
- 2.1.7 All disbursements from petty cash accounts, unless making change, are documented and supported by receipts or vouchers bearing the signature of the payee. The following is recorded on the petty cash request document: date, name of payee, purpose of disbursement, amount paid, signature of person authorizing disbursement, signature of Fiscal Analyst or person dispersing petty cash, and proper account distribution. See Appendix A.
- 2.1.8 A petty cash register reflecting the balance of the account is to be maintained.
- 2.1.9 **The total cash on hand, plus the amount of disbursements represented by the documentation, is to equal the authorized amount of the petty cash account.**
- 2.1.10 The petty cash account is to be reconciled at least monthly by the Custodian or Custodian's designee. If a checking account is used, the petty cash account is to be reconciled each month to the bank.
- 2.1.11 There are to be quarterly audits of the petty cash account. The audits are to be performed by the agency's Fiscal Analyst.
- 2.1.12 An audit trail is to be maintained.

2.2 Reimbursements of Petty Cash Accounts

- 2.2.1 Change accounts do not require replenishment, unless a theft or loss has occurred. Cash overages and shortages that occur during the course of making change are cleared daily as part of the reconciliation and deposit of receipts. The amount of the change account on hand should always equal the authorized amount.
- 2.2.2 To replenish a petty cash account for disbursements made, a Voucher Distribution Form (A19-2) is to be prepared – see Exhibit Appendix B. The A19-2 is to show the name of the EWSHS and petty cash Custodian in place of the vendor name. All documents substantiating the disbursements are to be attached. The GL coding distribution is summarized and entered in the account code block of the form. The voucher is checked and approved for payment by someone other than the Custodian. The amount of this voucher and the cash remaining in the petty cash account are to equal the authorized amount.
- 2.2.3 The accounting entries to record petty cash disbursements are the same as for other vendor payments.
- 2.2.4 Petty cash accounts are to be reimbursed monthly, unless the reimbursable amount is less than \$100. If the reimbursable amount is less than \$100, the agency can reimburse on a less frequent basis.

2.2.5 Petty cash requests must be reimbursed prior to the fiscal year-end (June 30th) of the year they were incurred.

2.3 ESTABLISHING LOCAL PETTY CASH ACCOUNTS

2.3.1 Requests to establish petty cash accounts, or increases to petty cash, are made using the "Application and Authorization for Petty Cash Advance" form that is available through the Office of Financial Management (OFM), Statewide Accounting and attached here as Exhibit C. The completed form is submitted to the OFM Statewide Accounting (OFM director's official designee) for approval. **Distribution of the total amount of approved petty cash within an agency is determined by the agency.** The petty cash account is not to be excessive.

2.3.2 Written accounting and control procedures for petty cash are to be developed and followed.

2.3.3 The agency Executive Director is to issue and maintain on file a letter designating the individual assigned as the Petty Cash Fund Custodian, the amount of the petty cash account, and the purpose of the account.

2.3.4 For local accounts, the agency is to produce a check to reclassify GL Code 1110 "Cash in Bank" to GL Code 1130 "Petty Cash." The check or warrant is to be endorsed and cashed or deposited by the assigned Custodian.

2.4 REDUCTION OR ABOLISHMENT OF LOCAL PETTY CASH ACCOUNT

2.4.1 The agency Executive Director has the authority to reduce or abolish a local petty cash account.

2.4.2 When a local petty cash account is reduced or abolished, the money is returned to the local account from which it was advanced. This transaction is recorded by reclassifying the existing debit in GL Code 1130 "Petty Cash" to GL Code 1110 "Cash in Bank" for the amount of the reduction in petty cash.

References that apply to this policy

(SAAM) Manual: Policy 85.50.50.d Petty cash internal control procedures	43.88.195 RCW Establishment of accounts or funds outside Treasury without permission of director of financial management prohibited.
(SAAM) Manual: 85.50.70.a - Establishing local petty cash accounts.	42.26 RCW – Agency vendor payment revolving fund – Petty Cash Accounts

Appendix A

Petty Cash Request

Account Code _____

Date _____

Amount Requested _____

Project Charged _____

Description of Need _____

Approved By _____

Signature

Received By _____

Signature

Paid By _____

Signature

Appendix B

**FORM A-37
STATE OF WASHINGTON
APPLICATION AND AUTHORIZATION FOR PETTY CASH ADVANCE
TREASURY FUNDS**

AGENCY _____ (NAME) _____ (NUMBER)

FUND/ACCOUNT TO BE CHARGED _____ (TITLE) _____ (ACCOUNT)

Current Petty Cash Balance (GL Code 1130) (Treasury Funds) \$ _____

Requested Petty Cash Increase (SAAM 85.50.60.a) \$ _____

Revised Petty Cash Balance \$ _____

JUSTIFICATION OF PETTY CASH INCREASE

(Attach additional statements as needed) _____

REQUESTED BY: _____
Agency, Chief Financial Officer Date

APPROVED BY _____
OFM, State Financial Consultant Date
Statewide Accounting

Distribution upon approval: Signed original to the Agency; copy to OFM Cash Control

OFM/09'07

