



**DOUGLAS COUNTY  
ADMINISTRATIVE POLICIES AND PROCEDURES**

<b>TITLE</b> Use of Petty Cash Funds	<b>Approval Date</b> 5/5/92
<b>POLICY CUSTODIAN</b> Finance	<b>Revision Date</b> 12/18/07

**PURPOSE:** To allow for the use of petty cash funds to expedite miscellaneous purchases which are not practical to be handled through the normal accounts payable procedures

**DEPARTMENT RESPONSIBLE:** Finance

**DEPARTMENT(S) AFFECTED:** All

**POLICY:**

All purchases with the use of petty cash funds must comply with the Douglas County Purchasing Policy and those guidelines set forth in the following:

1. It is the responsibility of the County Manager to ratify existing petty cash funds and authorize the establishment of new petty cash funds or the increase of existing funds.
2. The Accounting Division/Accounts Payable is responsible for reimbursing petty cash funds from properly documented vouchers approved by the Board of County Commissioners. Further, it is the Accounting Division’s responsibility to make periodic, unannounced audits of petty cash funds.
3. It is the responsibility of the Department Head or Elected Official and the Petty Cash Custodian to maintain accountability, accurate records, and to provide proper safeguarding of all cash funds.

**PROCEDURES:**

1. Establishing Funds.
  - a. Requests for the creation of new petty cash funds or the increase of existing funds must be presented in written form to the County Manager for authorization. This request must include:
    - 1) Amount required; 2) Purpose/justification of funds; 3) Name of intended Petty Cash Custodian; and 4) Signature of Department Head or Elected Official
  - b. After proper authorization has been acquired, the Department Head or Elected Official will provide the Accounting Division with a signature authorization sheet identifying and signed by the Petty Cash custodian and the person(s) authorized to

approve petty cash requests. (The authorizing agent must be someone other than the custodian.)

2. Spending Funds

- a. The Petty Cash Custodian shall solely distribute funds for miscellaneous purchases, not to exceed \$50.00 per purchase.
  - 1) Purchases made with petty cash are subject to the same policies and restrictions as any other purchase (i.e., no alcoholic beverages, gifts, or other non-authorized expenditures).
  - 2) Requests for mileage reimbursements should be submitted to the accounts payable department with the proper voucher documentation. They should not be reimbursed with Petty Cash.
- b. Requests for purchases made from petty cash funds by non-custodian employees must be made by submitting a Petty Cash Request containing the following information, verified by the Petty Cash Custodian:
  - 1) Date; 2) Item or service to be purchased; 3) Account number to be used; 4) Amount drawn; 5) Signature of authorizing Department Head, Elected Official, or his/her designee; and 6) Signature of employee
- c. After the purchase, the employee requesting petty cash funds must submit the following to the Petty Cash Custodian:
  - 1) A receipt showing what was purchased, vendors name, amount paid, and date of transaction. The receipt is then to be attached to the Petty Cash Request previously submitted.
  - 2) The correct amount of change, to be verified by the Petty Cash Custodian and acknowledged on the Petty Cash Request.

3. Maintaining Petty Cash Funds

- a. The petty cash custodian will be required to keep records on a Douglas County Petty Cash Register which includes the following information:
  - 1) Date of disbursement for each transaction; 2) Recipient; 3) Purpose; 4) Account number to be charged for each transaction; 5) Amount spent; and 6) Balance in fund.Additionally, the Petty Cash Custodian is responsible for ensuring that, at all times, the total cash on hand plus total receipts not yet vouchered equals total amount of petty cash authorized.
- b. Replenishment of the petty cash fund is to be accomplished solely by voucher through the Accounts Payable system. Vouchers should be prepared by the Petty Cash Custodian and should include all receipts and documentation. Expenses must be recorded against the correct account number for the type of expense. After review and approval by the Department Head, Elected Official, or his/her designee, the voucher is to be sent to Accounts Payable for processing. A check will then be returned to the custodian for replenishment.
- c. Because of the administrative costs associated with processing vouchers, vouchers for petty cash fund reimbursements of less than \$20.00 will not be processed.
- d. Requests for petty cash fund reimbursement cannot be for more than the total amount of the fund.
- e. If a shortage occurs in a department's petty cash fund, the custodian will immediately report the shortage to his/her Department Head or Elected Official who will then notify, in writing, the Accounting Division and the Board of County

Commissioners. The Board of County Commissioners will decide what course of action is to be taken.

- f. In the case of any change of the Petty Cash Custodian, the Accounting Division must be notified and provided with a new signature authorization form before any reimbursement can be made.

4. Auditing Petty Cash Funds

- a. The Accounting Division shall audit all petty cash funds at least once annually. These audits will be unannounced.
- b. Petty cash funds will also be audited whenever there is a termination or change of the Petty Cash Custodian. It is the using department's responsibility to notify Accounting of such a termination so that an audit can be scheduled.