

CITY OF SPOKANE ADMINISTRATIVE POLICY AND PROCEDURE	ADMIN 0410-21-07 LGL 2021-0032
TITLE: PETTY CASH, IMPREST, & OTHER REVOLVING FUNDS EFFECTIVE DATE: January 1, 2022 REVISION DATE (IF APPLICABLE)	

1.0 GENERAL

1.1 PURPOSE

The purpose of this administrative policy and procedure is to establish minimum standards for petty cash and change accounts.

1.2 TABLE OF CONTENTS

- 1.0 GENERAL
- 2.0 DEPARTMENTS/DIVISIONS AFFECTED
- 3.0 REFERENCES
- 4.0 DEFINITIONS
- 5.0 POLICY
- 6.0 PROCEDURE
- 7.0 RESPONSIBILITIES
- 8.0 APPENDICES

2.0 DEPARTMENTS/DIVISIONS AFFECTED

This policy shall apply to all City divisions and departments.

3.0 REFERENCES

SMC 07.03, Imprest Funds
SMC 03.01A.260, Finance, Treasury, and Administration
ADMIN 0410-21-03 Cash Handling Manual
ADMIN 0410-21-05 Cash Policy and Procedure
Washington State BARS Manual 3.8.8

4.0 DEFINITIONS

- 4.1 "Advance Travel Fund/Account" means a revolving fund established for travel advance purposes.
- 4.2 "Change Fund/Account" means cash set aside for the purpose of making change in across-the-counter cash transactions at authorized locations and activities.

- 4.3 "Custodian" means the individual responsible for the safekeeping, disbursement, and replenishment of petty cash accounts.
- 4.4 "Imprest Fund/Account" means a cash or bank account used for small, routine expenses. This term often used interchangeably with "Petty Cash"
- 4.5 "Petty Cash Fund/Account" means a cash fund or checking account set aside for the purpose of making incidental expenditures for which the issuance of a City of Spokane check would be too expensive and time-consuming.
- 4.6 "Revolving Fund/Account" means a fund that is continually replenished as withdrawals are made. This term is often used interchangeably with "Petty Cash"

5.0 POLICY

- 5.1 The City Council shall authorize each petty cash account by ordinance; initial setup and subsequent increases or decreases in the imprest amount shall be City Council authorized.

6.0 PROCEDURE

6.1 Establishing Petty Cash and Change Accounts

- 6.1.1 The Mayor, or authorized designee, may increase, or decrease the amount of a petty cash and change accounts from time to time.
- 6.1.2 For petty cash accounts of \$1,000 or more, an imprest checking account may be allowed. The establishment of checking accounts must be done through the Finance, Treasury, and Administration Division/Department, with the account name: City of Spokane, Department of (department name plus division or department name if appropriate).
- 6.1.3 Requests for new accounts, changes to existing accounts, or account closures are to be made to the City Treasurer and are required to be approved by the Mayor or authorized designee. Requests must include the following:
- Name and fund number of the department or activity center which will assume responsibility for the expenditures
 - Amount required – estimated average monthly disbursements
 - Purpose and justification for the petty cash fund
 - Specific location of the fund, including building, floor, and area
 - Planned precautions and available facilities to safeguard the petty cash fund

- Name of the fund custodian who will be responsible for safeguarding and dispensing cash
- Approval signature of the department head

6.1.4 The petty cash account amount shall be established by issuing an accounts payable check (warrant). When established by warrant, the transaction is a non-budget item, meaning the funds represent working capital for expenditures that are properly budgeted in other funds.

6.1.5 The authorized balance should not exceed one month's salary or the surety bond covering the custodian.

6.1.6 Department staff should periodically re-evaluate the need for and size of each petty cash and change account with the goal of reducing the size of petty cash accounts and eliminating unnecessary accounts.

6.2 Petty Cash and Change Account Responsibilities

6.2.1 The department head shall appoint a custodian(s) for each petty cash account. The custodian shall be an employee who does not process invoices, sign checks, perform general accounting, or cash receipt functions, if staffing allows. As part of the appointment, the custodian should render a receipt for the imprest amount to the Accounting Director from whom he/she receives it.

6.2.2 The petty cash custodian shall not be authorized to approve cash payments from the account or requests to replenish the account.

6.2.3 The department head or authorized designee should maintain on file a copy of the form designating the individual assigned as custodian of each petty cash or change account. A copy of this form should also be on file in the Accounting Department.

6.2.4 In instances where such segregation of duties is not possible, alternate compensating control plan shall be submitted to the Accounting Department. Alternate compensating controls could include such procedures as review by supervisors, managers, or other independent parties, verification by other staff, or reconciliation of the account by a person other than the custodian.

6.2.5 Unscheduled and intermittent spot checks of petty cash funds shall be made by the custodian's supervisor, or City audit staff.

6.2.6 If there is a change in the custodian's supervisor, prompt notice shall be given to the Accounting Department.

- 6.2.7 Annually, the Accounting Director will obtain confirmation of Petty Cash Funds. The confirmation from the appropriate department heads will confirm dollars authorized and issued for each fund along with the location and appointed custodian. As part of the confirmation process, petty cash will be counted and reconciled by someone other than the custodian.
- 6.2.8 The Accounting Director shall report the issued amount of all petty cash and change accounts in the City's general ledger in whichever fund expenditures are expected to be paid from.
- 6.2.9 The Accounting Director shall maintain a list of all authorized revolving funds, to include at a minimum, the type of account, purpose, authorized balance, custodian, and fund the cash is reported in.

6.3 Security of Funds

- 6.3.1 Petty cash funds and checks shall be stored in a secure location, such as a locked drawer, safe, or box.
- 6.3.2 Change accounts shall be stored in a secured locations, such as a locked drawer, safe, or box. Receipts are to be deposited intact on a daily basis.
- 6.3.3 The custodian's supervisor, department head, Accounting Department, Treasury, and City audit staff shall be notified within 24 hours if any of the following occurs: (1) material shortage; (2) theft is suspected; or (3) checks are missing.

6.4 Authorized Uses

- 6.4.1 Petty cash funds may be used for incidental items. The following items are examples of allowable expenditures. This list is not intended to be all-inclusive.
- Postage stamps and postage due expenses
 - Office supplies
 - Hardware and repair supplies
 - Keys
 - Copies and printing
 - Film and film developing
 - Notary commission fee
 - Reimbursement of travel expenses less than \$100, including local mileage and minor travel expenses, with receipts and an approved Training/Travel Authorization/Reimbursement form
 - Customer refunds
 - Other allowable City business expenses
- 6.4.2 Change funds are to be kept at the minimum level necessary to handle normal customer service needs. The amount of each

change fund should be withheld at the close of each day from the total cash in the register or cash drawer for use the following day. The remaining cash is recorded as the current day's receipts and is reconciled to the receipt documents.

6.4.3 The use of petty cash accounts is prohibited for the following types of payments:

- Payments to employees for salary or wages
- Payments to individuals that could be subject to IRS 1099 reporting requirements
- Travel advances
- Personal use of any type
- Cashing of personal checks for employees or others

6.5 Disbursements

6.5.1 Individual purchases from petty cash accounts shall not exceed \$100 unless approved in writing by the department head. Purchases shall not be divided in order to circumvent the \$100 limit.

6.5.2 Petty cash checking accounts require two signatures on each check. Departments should authorize a minimum of three check signers to ensure at least two signers will be available when needed.

6.5.3 All disbursements from petty cash accounts must be authorized and supported by receipts or other documentation.

6.6 Account Replenishment and Reconciliation

6.6.1 Petty cash accounts shall be replenished on a monthly basis to bring the balance up to the authorized amount. The amount replenished shall be the sum of all petty cash disbursements since the previous reimbursement; any differences shall be reconciled. Frequency of replenishments shall not exceed twice per month.

6.6.2 All replenishments shall be made through Accounts Payable and be subject to the same review and approval process as processed invoices.

6.6.3 Replenishment shall be made by voucher payment with the appropriate receipts attached. Receipts should show:

- Date
- Amount
- Recipient
- Purpose

- 6.6.4 Receipts should be perforated or canceled by some other means to prevent reuse. At the time of replenishment, the custodian should ensure that the balance remaining in petty cash, together with the amount of the replenishment voucher, equals the issued and authorized amount for the petty cash fund.
- 6.6.5 No receipts may be deposited to the fund other than approved replenishments and authorized increases to the account balance.
- 6.6.6 Petty cash accounts shall be counted and reconciled to the authorized amount at least once each accounting period, and when there is a change in custodian.
- 6.6.7 Checking accounts shall be reconciled to each monthly bank statement.
- 6.6.8 Upon reconciling, if the account shows minor overages or shortages, it shall be noted on the reconciliation, and it shall be reported to the supervisor immediately.
- 6.6.9 Petty cash and change accounts shall be reconciled as of December 31 each year to facilitate accurate year-end reporting. Reconciliation reports shall be forwarded to the Accounting Department for processing.
- 6.6.10 When an individual's appointment as custodian is terminated, the fund must be replenished and the imprest amount turned over to the disbursing officer. The Accounting Director must be notified of a change in custodian at the time the event occurs.

6.7 Account Reduction or Abolishment

- 6.7.1 When a petty cash account is reduced or abolished, funds shall be deposited and notice given to Finance, Treasury and Administration. When checking accounts are closed, unused checks and deposit slips shall be sent to Finance, Treasury and Administration.

7.0 RESPONSIBILITIES

- 7.1 The City Council, shall authorize the creation of new petty cash and change accounts.
- 7.2 The Mayor, or authorized designee, may increase, or decrease the amount of a petty cash and change accounts from time to time.
- 7.3 The Chief Financial Officer, or designee, is responsible for establishing and maintaining sound fiscal management practices for the proper receiving, safekeeping, and disbursing of City funds.

7.4 The Finance, Treasury and Administration – Treasury Services Department shall assist departments in complying with this policy.

8.0 APPENDICES

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Dec 17, 2021

Date