

Maricopa County Policy Petty Cash Fund and Change Fund Policy		Number: A2500 Revision: # 1
Category: Cash Management		Issued: 4/98
Initiated by: Department of Finance	Approved by: Maricopa County Board of Supervisors and Special Districts Board of Directors	Revised: 2/21/07

A. PURPOSE

The purpose of the Maricopa County and the Special Districts Petty Cash Fund and Change Fund Policy is to provide guidelines to directors and administrators for the establishment, closure, change, and appropriate usage of petty cash and change funds.

This policy defines the overall responsibilities and processes to be performed and followed by the department administering the petty cash fund and/or change fund. Specific information, detailed procedures, and document examples are contained in the Petty Cash Fund and Change Fund Manual, which is located at <http://ebc.maricopa.gov/library/finance/>. The Petty Cash Fund and Change Fund Manual may be updated, as determined necessary, to accommodate the effective administration of this policy. Department directors and administrators are responsible for ensuring that their staff are aware of and comply with this policy.

This Petty Cash and Change Fund Policy supersedes the previous Petty Cash Policy No. A2500 issued in April 1998.

B. DEFINITIONS

Change fund – A cash fund specifically utilized to make change for departments receiving over-the-counter cash collections. Change funds **will not** be used to reimburse expenditures or cash checks.

Custodian – The individual responsible for possession and oversight of a petty cash fund or change fund.

Custodian vendor number – A number in the Advantage Financial System assigned to the custodian by the Department of Finance. This number is required when preparing payment vouchers for the initial establishment of a petty cash fund or change fund and for petty cash reimbursements.

Department – Refers to the department, office, or agency under budgetary responsibility of the Board of Supervisors or Board of Directors.

Petty cash fund – A cash fund established specifically for minor disbursements of \$100 or less as defined in this policy.

C. POLICY

A custodian is responsible for his/her petty cash fund and/or change fund. At any time, a petty cash custodian must be able to account for the dollar amount of the fund with cash, paid invoices, receipts, cash register tapes, reimbursement and withdrawal requests, and outstanding reimbursement payment vouchers. In the event of a fund overage or shortage, the custodian will notify the supervisor immediately. Personal funds cannot be used to eliminate shortages and excess funds cannot be removed to eliminate overages. At the end of a custodian's assignment, all funds must be accounted for and relinquished to the new custodian.

Petty cash fund or change fund monies and related documents must be kept in a secure location and in a separate and lockable container. If available, the cash should be placed inside a safe or vault at the close of business. Keys and lock combinations should be restricted to the custodian as well as an alternate person(s) as deemed appropriate by department management.

I. Petty Cash Funds

On occasion, County and Special District departments may need to purchase certain low-cost items without requisition documents (examples include: needs that occur when the office is closed; when personal pickup is required; or, when delivery delays could cause a hardship to the department). Departments may use petty cash funds to reimburse or advance individuals for such purposes.

The petty cash system is operated as a loan system. Under this loan system, a fixed dollar amount is authorized for the petty cash fund and maintained by the custodian. A paid invoice, receipt, cash register tape, or reimbursement and withdrawal request replaces cash disbursements from the fund. The total of the cash available, paid invoices, receipts, cash register tapes, reimbursement and withdrawal requests, and outstanding reimbursement payment vouchers must always equal the original fund amount.

The following criteria apply when using petty cash funds for purchases:

1. Individual purchases must be for **\$100** or less and for County or Special District purposes only. For further clarification of specific allowed and unallowed petty cash expenditures and activities, please review the Petty Cash Fund and Change Fund Manual.
2. Petty cash disbursements should only be made for expenditures supported with an original and clearly legible paid invoice, receipt, or cash register tape. Petty cash advancements should only be made with the submission of a properly completed withdrawal request form. For specific disbursement and advancement procedures, please review the Petty Cash Fund and Change Fund Manual.
3. Properly authorized and completed payment vouchers must be submitted to the Department of Finance Accounts Payable Division to receive reimbursement of petty cash expenditures. For further clarification of the specific reimbursement procedures, please review the Petty Cash Fund and Change Fund Manual.

II. Change Funds

Certain cash funds are established to provide change for County and Special District departments receiving over-the-counter cash collections. Although these cash funds do not relate to purchasing functions, fund security and control procedures applicable to petty cash funds also apply to change funds. Please be advised that a petty cash fund and change fund are not interchangeable. Under no circumstances will a change fund be used for petty cash related disbursements.

III. Responsibilities and Procedures

Departments must notify the Department of Finance, and obtain proper authorization when necessary, to establish, close, change custodian of, increase/decrease the amount of, and obtain reimbursement for a petty cash and/or change fund. Departments should request reimbursements as needed and at fiscal year-end to ensure that expenditures are recorded in the year they were incurred. Departments may also request a waiver to specific sections of this policy from the Department of Finance. Specific procedures for any of the above-stated purposes can be found in the Petty Cash Fund and Change Fund Manual.

The document forms provided in the Petty Cash Fund and Change Fund Manual should be used when preparing documents for submission and approval. Departments may create their own documents provided all required elements are included.

IV. Reconciliations

The custodian and supervisor must reconcile change funds daily, and petty cash funds monthly. The supervisor and custodian (both former and new, if applicable) must perform a reconciliation upon a change in custodian, the closure of a fund, and at year-end. For specific procedures on reconciliations, and the handling of overages and shortages of funds, please refer to the Petty Cash Fund and Change Fund Manual.

V. Theft of petty cash funds or change funds

If a shortage of funds is suspected to be the result of theft, the custodian and/or department management must conduct an investigation and take any necessary corrective actions. For specific procedures on investigating shortages, reporting results, and restoring funds to their original amounts, please review the Petty Cash Fund and Change Fund Manual.

VI. Reviews and audits

Departments should regularly review, at least annually, the need, size, and use of their petty cash fund(s) and change fund(s). Recommended changes should be directed to the Department of Finance for consideration and approval. The Department of Finance and/or the Internal Audit Department may perform unexpected reviews and/or audits, as deemed necessary, to ensure that petty cash and change funds are properly administered, established for necessary purposes, and funded at the appropriate level.

Agenda Numbers: C-18-07-020-6-00; C-18-07-021-6-00; C-18-07-022-6-00; C-18-07-023-6-00