



Financial Policies – Cash

PURPOSE

To provide guidelines for the establishment, use, and safeguarding of petty cash funds, cashiering operations, bank deposits and to strengthen the City's internal control over petty cash funds.

POLICY

Petty cash funds are issued to departments, in the charge of a custodian, to be used on a revolving basis for the payment of small emergency and commonly budgeted, pre-approved expenses. Petty cash funds are established on a fixed amount that is restored to its authorized level at frequent intervals by replenishing the cash in an amount equal to the expenditures. Only those expenditures that a reasonable and prudent person would consider as having a public purpose, being for the benefit of the City of South Lake Tahoe and not personal in nature will be allowed. Employees should use good judgment when expending public funds and should avoid any transactions that may appear inappropriate.

PROCEDURES

a. Establishment of Petty Cash Fund

The establishment of the petty cash fund and the subsequent request for the increase, decrease or closing of its balance must be approved and authorized by the Director of Finance.

The Department Head or Supervisor should complete and submit a Request to Establish, Increase, Decrease, or Close Petty Cash Fund form (sample attached), addressed to the Finance Department's Revenue Division Manager with the following information:

- Reason(s) for establishing, increasing, decreasing or closing of the petty cash fund.
- Amount requested to be established, increased, decreased, or closed.
- Name of the Department/Division where the petty cash fund will be located.
- Name of the authorized custodian responsible for the petty cash fund who must be a permanent, full time City employee.
- Name of employee(s) designated as the custodian's alternate(s).

The request will be reviewed and once approved, the Revenue Manager will prepare an Accounts Payable Payment Request, which will issue the appropriate funds to the requesting department.

If at any time the custodian or their designated alternate(s) or authorizing official change, the Revenue Manager should be notified in writing immediately and a completed Petty Cash/Change Funds Certification of Accountability form shall be provided (sample attached).

b. Disbursement of Petty Cash

Custodian Responsibilities

- Identify the need for petty cash and make sure that the item to be purchased is a commonly budgeted, pre-approved expenditure that will be used to support the City's operations.
- Petty cash disbursements are not to exceed \$50 unless approved by the Director of Finance for emergency purposes for an amount above \$50.
- For an advance from the Petty Cash fund, employee must complete a petty cash advance form (sample attached). Specify the date, payee, description of item(s) to be purchased, general ledger account number and the amount of cash advance requested.
- Custodian will issue the cash and have the employee/purchaser sign the petty cash advance form. Keep the form with the petty cash fund.
- After the purchase has been made, a valid receipt must be submitted by the employee/purchaser to the custodian within one working day.
- If the actual purchase price is less than the cash advance, adjust and initial the amount shown on the petty cash advance form to reflect the actual disbursement and ask for the remaining money. If the actual purchase price is more than the cash advance, adjust and initial the amount shown on the petty cash form to reflect the actual disbursement and reimburse the employee/purchaser for the difference.
- Attach the submitted receipt(s) to the petty cash advance form and keep it with the petty cash drawer.
- An employee may receive a simple reimbursement from the Petty Cash fund by presenting a receipt(s) to the custodian and by completing the petty cash voucher form specifying the date, payee, description of purchase, and general ledger account number.

c. Reconciliation of Petty Cash

The amount of the authorized petty cash account should always be equal to the following:

- Currency (bills and coins) on hand.
- Paid petty cash vouchers/receipts (not yet submitted for replenishment or in transit).
- Petty cash advanced to employee/purchasers.
- Un-cashed replenishment check.
- Other cash items.

The petty cash should be reconciled every time the custodian requests the replenishment of the petty cash account, when there is a transfer of custody from one person to another, and all petty cash funds ***MUST have a year-end reconciliation to close out the current fiscal year.*** At a minimum, petty cash should be reconciled on a quarterly basis.

To reconcile the petty cash, the custodian should perform the following steps:

- Classify, count, and add all the currency (bills and coins) on hand, paid petty cash vouchers/receipts (not yet submitted for replenishment or in transit), petty cash advanced to employee/purchaser, un-cashed replenishment check, and other cash items.
- Compare the above total to the amount of the authorized petty cash fund. The two amounts should be in agreement.
- Prepare a Petty Cash Reconciliation / Voucher and have it checked and approved by the department's authorized officer.
- Explain any discrepancies.

d. Replenishment of Petty Cash

The petty cash fund is usually replenished when the custodian feels that the balance has reached a level that will only last long enough to process the outstanding receipts and receive the reimbursement check. At this point the custodian should prepare a voucher for replenishment of the petty cash by performing the following steps:

- Prepare a Petty Cash Reconciliation form (sample attached)
- Prepare and complete a Petty Cash Voucher form (sample attached) including the following information:
 - Department / Division making the request
 - Date of the request
 - Account numbers to be charged
 - Amount disbursed
 - Total Amount to be replenished
 - Name and signature of custodian / preparer
 - Name and signature of approving officer
- Submit the completed Petty Cash Reconciliation form and Petty Cash Voucher form with supporting documents (paid petty cash advance forms

and receipts) to the authorized officer for review and approval. Receipts must be submitted in order to obtain reimbursement.

- Once approved, send the reimbursement request to the Accounts Payable department. It is recommended that copies of the vouchers be kept in a Petty Cash file for use by the department's fiscal officer.
- Upon receipt of the replenishment check, the custodian shall verify that the payee name and the amount of the check are correct before cashing it to replenish the petty cash.
- The custodian shall cash the check as soon as possible at the City's issuing bank.

e. Cash Shortage / Overage

If the petty cash fund is found to be over or short due to an error, the difference should be recorded in the next reimbursement against Miscellaneous Revenue. If a shortage is determined to be due to the negligence of the custodian, the City may choose to require the custodian to replace the funds. Significant shortages or overages shall be reported to the Finance Department immediately by the authorized official.

f. Restrictions on the use of Petty Cash

Since a Petty Cash Fund is established primarily to handle small City-related, commonly budgeted, pre-approved expenditures, it **cannot** be used for the following purposes:

- To cash any checks (personal or City related).
- Advance cash (in return for I.O.U. slips) to City employees for temporary or personal use.
- For purchases that are expected and recurrent, and that can be more appropriately managed with the use of an Accounts Payable check (in excess of the \$50 maximum allowed to be taken from Petty Cash per purchase.)

g. Security of Petty Cash and Cash Drawer Boxes

It is the responsibility of the petty cash custodian to make sure that the petty cash box is in a safe and secured place at all times. Only the petty cash custodian and their alternate(s) should have access to the area where the petty cash box is located. In the evening, the petty cash box must be kept in a locked file cabinet, desk drawer, etc., to which only the petty cash custodian and their alternate(s) should have the keys.

h. Review

The petty cash fund is subject to unannounced review and reconciliation by the Finance Department. The petty cash fund, therefore, must consist at all times of cash on hand, receipts on hand, petty cash advance forms, and copies of vouchers for receipts that are in the process of reimbursement. Failure to follow petty cash policies may result in recommendations by the Finance Department to revoke the department's petty cash fund or modify the procedures to ensure proper internal controls and adherence to the financial policy.

i. Training

Finance will train existing custodians, alternates, and authorizing officials to comply with the provisions of this Policy. All new custodians should be trained by their predecessors or other custodians in their respective departments. The Finance Department is available to assist with any petty cash training.

USE OF PETTY CASH AS A CASH DRAWER OR CHANGE BOX

Petty Cash funds may be used to establish a cashier or change box. City cashiers are often front-line employees who interact with the public on a daily basis. Accurate cash handling skills are important provisions for this job function.

j. Establishing a Cash Drawer

Cash drawers shall be established in the same manner as a petty cash fund. The Department Head or Supervisor should submit a request to the Revenue Manager the following information:

- Reason(s) for establishing, increasing, decreasing or closing a cash drawer.
- Amount requested to be established, increased, decreased, or closed.
- Name of the Department/Division where the cash drawer will be located.
- Name of the authorized employee(s) responsible for the cash drawer.

Once the request is approved, the Revenue Manager will prepare the Accounts Payable Payment request to issue the appropriate funds to the requesting department for establishment of the cash drawer.

k. Cashier Responsibilities

In recognition of the need to safeguard public funds, cash controls and cash handling procedures have been established.

General Cash Controls:

- Keep all cash and coin in a locked cash drawer or safe when not in use.
- Never leave cash drawer open and accessible to others except authorized staff or supervisors.
- Count cash drawer and verify assigned amount on hand on a daily, monthly, or quarterly basis depending on the type of cash activity.

General Cash Handling Procedures:

- For payments made in cash, state the amount due and amount presented by the customer, such as "\$3.15 out of \$20". Before putting money into cash drawer, count change back to the customer. Always issue a receipt to the customer.
- Checks shall be made payable to the City of South Lake Tahoe (or City of SLT) and shall be inspected by the receiving employee to ensure a current date, proper signature, bank name/routing number/account number, payer name and address, and that the written amount matches the numeric amount.
- Credit card payments are accepted at various locations throughout the City, including the City's website. The employee processing a credit card payment shall use their best judgment in verifying the identity of the cardholder. The merchant receipt must be attached to the documentation used for bank deposit preparation.
- At the end of the workday or other time period designated by the Revenue Manager, process all receipts, cash, checks, and credit card totals to the central cashiering function for timely deposit to the City's bank account.
- Unintentional collection mistakes resulting in minor overages and shortages may be recorded against the over/short account in the general ledger, however, a "loss" due to negligent action by leaving money unattended or not properly safeguarded should be immediately reported to the department Supervisor who shall in turn, notify the Finance Department.
- The cash drawer is subject to unannounced review and verification by the Finance Department. Large discrepancies or excessive overages and shortages may result in revision of procedures to strengthen internal controls.

I. Bank Deposit Procedures:

- Department personnel other than the cashier(s) shall prepare a bank deposit slip which may include cash, checks, and credit card sales. Where no other personnel are available to prepare the deposit, another employee shall review bank deposit and initial paperwork submitted to Finance. Cash and checks shall be counted and bundled separately with an adding machine tape of each total. A credit card summary from the merchant machine at the cashiering location shall be attached to the deposit slip.

- 3 copies of the deposit slip shall be made: 2 for the bank and 1 for Finance.
- The copy for Finance shall include a summary report of the general ledger accounts to credit, which should equal the bank deposit amount (not including credit card transactions). Entry to the general ledger shall be posted by the Finance Department.
- Completed deposits shall be sealed into tamper-proof bags for deposit to the bank. If tamper-proof bags are not available, department shall ensure other means to transport money securely.
- In some cases where limited amounts of payments are received, cash and checks may be delivered to the Finance Department for inclusion in their deposit processing.
- All deposits not yet transmitted to the bank shall be kept in a secure location throughout the working day and locked at night.

Attachments:

Exhibit I – Request to Establish, Increase, Decrease, or Close Petty Cash Fund Form (sample)

Exhibit II – Petty Cash/Change Funds Certification of Accountability Form (sample)

Exhibit III – Petty Cash Advance Form (sample)

Exhibit IV – Petty Cash Reconciliation Form (sample)

Exhibit V - Petty Cash Voucher Form (sample)

Exhibit I – Request to Establish, Increase, Decrease, or Close Petty Cash Fund Form (sample)

Request to Establish, Increase, Decrease, or Close Petty Cash Fund

In accordance with the City of South Lake Tahoe’s Financial Policies I hereby request the following: (complete table below and submit to Finance/Revenue Division Manager)

A. Establishment of Petty Cash Fund

Employee Name Alternate Employee Name	
Amount Requested	
Reason for petty cash	

B. Increase to Petty Cash Fund

Employee Name Alternate Employee Name	
Additional Amount Requested/New Petty Cash Total	\$ _____ / \$ _____
Reason	

C. Decrease to Petty Cash Fund

Employee Name Alternate Employee Name	
Amount to Decrease/New Petty Cash Total	\$ _____ / \$ _____
Reason	

Exhibit I – Request to Establish, Increase, Decrease, or Close Petty Cash Fund Form (sample) (continued)

D. Closure of Petty Cash Fund

Employee Name Alternate Employee Name	
Assigned Amount to Close	
Reason	

Acknowledged by: _____
(Employee assigned to Petty Cash) (date)

Approved By: _____
(Department Head or Supervisor) (date)

Finance Use Only
Received by:
Approved? Y / N
Date change processed:

Exhibit II – Petty Cash/Change Funds Certification of Accountability Form (sample)

CITY OF SOUTH LAKE TAHOE
 PETTY CASH/CHANGE FUNDS
 CERTIFICATION OF ACCOUNTABILITY

RECONCILIATION DATE _____

Cash on hand:	#	Amount
Currency: \$20.00	_____	_____
\$10.00	_____	_____
\$ 5.00	_____	_____
\$ 1.00	_____	_____
Coin: \$ 1.00	_____	_____
.50	_____	_____
.25	_____	_____
.10	_____	_____
.05	_____	_____
.01	_____	_____

Subtotal Cash: _____

Checks (Total from Back) _____

Vouchers (Total from Back) _____

Petty Cash/Change Fund Accounted for: _____

Less: Established Amount (_____)
 (Shortage) Overage

I, _____, the Petty Cash/Change Fund custodian for the
 (Print Name)
 _____, certify the above reconciliation to be accurate and correct.
 (Department Name)

 Signed

I, _____, certify the above reconciliation to be accurate
 and correct for the _____, Petty Cash/Change Fund and hereby transfer its
 (Department Name)
 responsibility to _____.
 (Print Name of accepting employee)

 (Signed – Releasing Employee)

 (Signed – Accepting Employee)

Return completed form to Finance/Revenue Division

Exhibit III – Petty Cash Advance Form (sample)

City of South Lake Tahoe	
Petty Cash	
Person	
Reason	
Account #	
Amount	
Signature	

Exhibit IV – Petty Cash Reconciliation Form (sample)



**CITY OF SOUTH LAKE TAHOE
PETTY CASH/CHANGE FUNDS**

DATE _____

Cash on hand:	#	Amount
Currency:	\$100.00 _____	_____
	\$20.00 _____	_____
	\$10.00 _____	_____
	\$ 5.00 _____	_____
	\$ 1.00 _____	_____
		<i>Subtotal:</i> _____

Coin:	.50 _____	_____
	.25 _____	_____
	.10 _____	_____
	.05 _____	_____
	.01 _____	_____
		<i>Subtotal:</i> _____

TOTAL: _____

Less: Established Amount (Shortage) Overage _____

I _____, the Petty Cash/Change Fund custodian for the
(Print Name)

_____, certify the above reconciliation to be accurate and correct.
(Department Name)

Signed

Observer: _____

Exhibit V - Petty Cash Voucher Form (sample)

Petty Cash

Petty Cash Reimbursement Form			Vendor:	
Pay To:				
Date:				
Petty Cash Voucher Number	Employee	Account Number	Amount	
1			\$ -	
2			\$ -	
3			\$ -	
4			\$ -	
5			\$ -	
6			\$ -	
7			\$ -	
8			\$ -	
9			\$ -	
10			\$ -	
Approved:		Total	\$ -	
Accounting Entry Recap:				
	Account Number	Amount	Cash on Hand	Balance
		\$ -	\$ 100.00	\$ 100.00
		\$ -	\$ 100.00	\$ 100.00
		\$ -	\$ 100.00	\$ 100.00
		\$ -	\$ 100.00	\$ 100.00
		\$ -	\$ 100.00	\$ 100.00