



Policy & Procedure: Incidental Expense Fund (Petty Cash and Advance Travel)

Approval Required (check box) <input checked="" type="checkbox"/> Commissioners (Policy) <input checked="" type="checkbox"/> Executive Director <input checked="" type="checkbox"/> Director	Approved By: _____ Ken O'Hollaren, Executive Director _____ Karen Goschen, Deputy Executive Director/ Finance Director	Approval Reference (if applicable) Res 14-1086 Motion on _____, _____, 2014 Effective Date: Month day, 2014
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I. PURPOSE

The purpose of this policy is to provide guidance in the creation, control and management of incidental expense funds. Incidental expense funds provide cash for advance travel, small purchases and change funds at offices where payments are received from customers.

II. POLICY (Per Resolution 14-1086 or subsequent resolution)

1. Petty Cash Authorization – The Commission authorized the petty cash accounts, amounts and custodians as established by resolution. (Also see Authorization List: Petty Cash Custodians & Advance Travel.)
2. Advance Travel Authorization – The Commission authorized the amount of the travel advance fund as established by resolution. (Also see Authorization List: Petty Cash Custodians & Advance Travel.)
3. Procedures – The Commission delegated the establishment of administrative procedures to the Executive Director and Treasurer to include but not be limited to (1) defining limitations on the use of petty cash accounts, and (2) providing accounting and reporting procedures for operation and replenishment of the petty cash accounts.
4. Bond – The Commission established that the Port shall maintain an employee dishonesty blanket bond, a surety bond, or other such protection as may be authorized by law, sufficient to cover the full authorized amount of all petty cash accounts, for the faithful performance at all times of each Custodian's duties in connection with the disbursement of moneys from the account of which he or she is Custodian and all advances to that account.
5. Responsibility – The Commission established that each Custodian shall be personally responsible for the value of the petty cash account of which he or she is Custodian, and shall comply with all applicable incidental expense fund

and advance travel expense account policies and procedures

III. PROCEDURE

1. Establishment of Funds – Per RCW 53.36.060, the Commission may, by resolution, establish an incidental expense fund for payment of transient labor, freight, express, cartage, postage, petty supplies, and minor expenses of the Port. Per RCW 42.24.120 the Commission may by resolution establish an advance travel expense account and provide reasonable allowances to Port officers and employees in advance of incurring actual travel expenses. Per the BARS Manual on Travel Expenditures, the Advance Travel Expense Account (Imprest Account) must be established and maintained in accordance with the procedures prescribed for petty cash.
 - a. Requests for Establishing a Petty Cash Fund – A department director or manager can make a request to the Port Auditor/Finance Director for the establishment of a petty cash fund. The following information must be included in the request:
 - i. Purpose of fund
 - ii. Location of fund
 - iii. Name of custodian
 - iv. Suggested dollar amount of fund
 - v. Suggested transaction dollar limit.
 - b. Establishment & Reimbursement – The establishment and periodic reimbursement of the petty cash fund will be by check drawn payable to the named custodian on the fund.
 - c. Change Fund – If a portion of a petty cash fund has been established as a change fund, or if the entire fund is intended as a change fund, the fund custodian will maintain the change fund balance by purchasing the needed coin and currency denominations from the daily business cash receipts, if available, or at the local bank.
 - d. Advance Travel Fund – The Port Auditor/Finance Director will establish the amount of the Advance Travel Fund. Travel advances are available to employees to carry out required Port business. The advance amount is determined by the number of approved travel days and estimated out-of-pocket expenses. Expenses that can be paid on a Port travel card will not be advanced. The Port's general bank account will periodically reimburse the Advance Travel Fund per request of the

Accounting Manager.

2. Safekeeping – Petty cash and change funds will be kept under lock and key during business and non-business hours, accessible only to the custodian.
 - a. Non-Business Hours – Petty cash and cash receipts will be deposited in a safe during non-business hours. If there is no safe, petty cash and cash receipts shall be placed in a locked cash box or drawer, in a secure place (so that it cannot be carried away), such as a locked file cabinet or locked room.
 - b. Commingled Funds Not Allowed – Cash funds are not to be commingled with other business cash or personal cash.
 - c. Reconciliation – It is suggested that the custodian count the cash and receipts in order to reconcile at the close of the business day when there has been activity in the fund.
3. Petty Cash Disbursements – All disbursements will be supported by appropriate documentation.
 - a. Dollar Limit – Petty cash fund will be limited to amounts not exceeding \$50.00.
 - b. Invoice or Receipt – A legible invoice, receipt and/or cash register tape (if no invoice is provided by the supplier) that contains the date, store/supplier, and description of the item(s) purchased.
 - c. Signed Reimbursement Request – A petty cash reimbursement form must be signed by the employee and must include the date, description (store or items), amount, and account coding (G/L account and Department).
 - d. Approval – Approval of the expenditure by the appropriate manager per the purchasing authorization list.
 - e. Other Uses – A signed receipt received by the recipient will be secured to support the following reductions in cash:
 - i. Transfers to another fund
 - ii. Advances to employees for emergency purchases
 - f. Prohibited Uses

- i. Items that require an Employee Expense Claim form such as travel, business meals, and promotional hosting. It may occasionally be used for on-premises business meals as long as the appropriate business meal expense claim form is completed and approved.
- ii. The fund may never be used for personal cash advances, loans or expenditures, or employee check-cashing purposes.

4. Custodian Responsibilities

- a. Ensuring the custodian understands the procedures and policies and requests clarification if needed.
- b. Ensuring that the petty cash is kept in a safe place.
- c. Ensuring that the petty cash is replenished monthly or more often, if needed.
- d. Ensuring that the petty cash reimbursement form is properly completed and signed, that it does not exceed the maximum purchase limit of \$50 for a single purchase other than an emergency, and that it contains account coding.
- e. Ensuring that there is always \$200 total in the petty cash fund (cash money, receipts, or petty cash form for advances).
- f. Taking the replenishment check to the bank and receiving cash in small bills & coins for the petty cash fund.
- g. Ensure that at year end the receipts are turned into Finance within 10 working days so that the expenses are recorded in the correct fiscal year.
- h. Ensure that at termination of the custodian appointment the fund is replenished and then turned over to the Treasurer/Finance Director.

5. Advance Travel Fund Disbursements – This is a revolving checking account that uses pre-numbered checks for handling disbursements. Checks are only written to an employee based on authorization of the Advance Travel Request form. No checks may be written to cash.

- a. Restricted to Travel Advances – This account must be used solely for travel advances, not direct payments to vendors. In other words, moneys may be advanced to an individual who is going on travel status for travel-related expenses that he/she will pay out of his/her own pocket. Expenses that can be paid by a Port travel credit card will

not be advanced.

- b. Prohibited Used – It must not be used for personal loans, registration fees, or reimbursements to employees or officers for travel already incurred, etc. No checks may be written to vendors or to “cash”.
- c. Check Register – A check register will be maintained to record all transactions of the account, including deposits, disbursements and bank service charges.
- d. Reconciliation – A bank statement reconciliation to the General Ledger should be performed at the end of each month. The balance remaining in the checking account as of a given date, together with any outstanding advances and travel expense claims on hand but not yet reimbursed, should always equal the amount established by the governing body for the account.
 - i. Custodian is Not the Check Signor – The person designated as the Custodian controls the check book and prepares the checks for signature. The Custodian reconciles the bank statement.
 - ii. Custodian as Check Signor – If the custodian is also the check signor, then someone other than the custodian should reconcile the bank statement monthly. In this case, the bank account is set up as *Advance Travel Expense Account – Jane Doe as Custodian*.
- e. Employee Advances – Advance travel expenses are requested using an *Advanced Travel Request* form and are made by check payable to the employee. Approved requests should be retained in the files of the custodian to support such advances until final settlement is made and claim for reimbursement has been submitted. Requests for such advances should be reasonable estimates of the employee’s travel expense requirements based on the actual days of approved travel and should contain at a minimum the following information:
 - i. Date of request
 - ii. Name of applicant
 - iii. Destination
 - iv. Purpose of travel
 - v. Anticipated departure and return dates
 - vi. Amount requested
 - vii. Signature of applicant
 - viii. Official approval of trip
 - ix. Check number, amount and date (to be provided by the custodian when the advance is made)

- f. Settlement of Advances – The employee must submit a completed Advance Travel Expense voucher within 15 days of the close of the authorized travel period for which expenses have been advanced (as required by RCW 42.24.150). In the event the traveler's actual expense is less than the amount of the advance received, his/her expense voucher shall be accompanied by the unexpended portion of the advance. Expense vouchers containing expenses in excess of the amount advanced will be submitted for reimbursement.
- g. Multiple Fund Advances Not Allowed – No new fund advances will be provided if the requestor has an outstanding advance that has not been accounted for and cleared.
- h. Delinquent in Fund Advance – Any default in accounting for or repaying an advance within 15 days will render the unpaid amount immediately due and payable with interest at the rate of 10 percent per annum from the date of default until repaid. No advance of any kind may be made to any officer or employee at any time when he/she is delinquent in accounting for or repaying a prior advance.
- i. Right to Lien to Withhold Pay – To protect against any losses on advances, the governing body shall have a prior lien against and a right to withhold any and all funds payable or to become payable to such employee to whom such advance has been given, up to the amount of the advance and an annual interest rate of 10 percent until repayment or justification is made (RCW 42.24.140).

IV. CONTROL

- 1. Custodian – Each Custodian shall be personally responsible for the value of the petty cash account over which he or she has custodianship and shall comply with all applicable incidental expense fund and advance travel expense account policies and procedures. The Custodian must account for any shortages or overages in the account.
- 2. Separate Petty Cash General Ledger Accounts – Each petty cash fund will be accounted for in a separate general ledger account.
- 3. Separate Advance Travel General Ledger Accounts – The travel advance fund will be accounted for in a separate general ledger account.
- 4. Monthly Reimbursements – The petty cash and advance travel funds will be reimbursed monthly, which includes a review of all expenditures for compliance with policies and procedures.

5. Periodic Audits – The petty cash funds will be periodically audited by the Accounting Manager. The advance travel accounts will be periodically audited by the Accounting Manager or someone who is not authorized to sign checks.

V. REFERENCES

1. Authorization List: Petty Cash Custodians & Advance Travel
2. Port Resolution No. 14 - 1086 – Establishing and Incidental Expense Fund and Advance Travel Expense Account.
3. Port Resolution No. 14-10xx – Travel Policy ... need new resolution number
4. Policy & Procedure – Travel
5. RCW 53.36.060 – Incidental Expense Fund
6. RCW 42.24.120 thru 42.24.160 – Advancement for Travel Expenses
7. State Auditor’s Office BARS – Chapter 3 Accounting, 3.8 Expenditures, 3.8.8 Imprest, Petty Cash and Change Funds
8. State Auditor’s Office BARS – Chapter 3 Accounting, 3.8 Expenditures, 3.8.2 Employee Travel, 3.8.2.80 Advance Travel Expense Account