

Petty Cash Funds Policies and Procedures (Updated July 2009)

The City's authority to create petty cash funds is set in state law. The manner in which a petty cash fund will be established and maintained is outlined in the state's Budgeting, Accounting and Reporting (BARS) Manual. To comply with these requirements, the following policies and procedures are established:

Purpose

The purpose of petty cash is to create a more efficient and cost effective manner in which to operate city finances. Petty cash may be used to pay for small purchases and reimburse employees for small expenses of a minor nature that are incurred in connection with official city business. It may also be used as a means to make change if established as a separate change fund. *Petty cash is not intended to be used for advances or loans to employees, even if secured with a check or IOU or for personal purposes. Such use is strictly prohibited and will be considered a misappropriation of public funds.*

Creation of Petty Cash Fund

Petty Cash Funds are established by resolution and all funds shall be listed under one resolution. Requests for increases or decreases to petty cash amounts are to be submitted to the Finance Department and such requests will be submitted by resolution to council for approval.

The following petty cash funds are established **and amended** as follows:

Current Expense Fund	
Finance Department	\$ 200 (change fund)
Finance Department	\$2,000 (from \$800) (petty cash)
Finance Department	\$3,000 (checking account for refunds)
Water Fund	
PW Department	\$ 50 (change fund)
Sanitation Fund	
Recycling Center	\$ 600 (petty cash)
Recreation Fund	
Parks	\$ 960 (year round change fund)
Parks	\$2,900 (maximum season change funds)
Golf Course	\$ 800 (change fund)

Custodian

The custodian for each established petty cash fund will be appointed by the department manager and will be responsible for the physical security of the petty cash account. However, the department manager is ultimately responsible for the security and proper use and maintenance of the account. To the degree possible, the custodian shall not be the person who processes invoices for payment, signs checks, or performs general accounting. The custodian of the funds shall take appropriate steps to insure that the petty cash is kept in a safe and secure location.

At the department manager's direction, control of the petty cash fund may be transferred to another custodian. Whenever responsibility of the fund is transferred, the fund amount shall be reconciled by the two parties involved. The Finance Department shall be advised as to who the custodian of petty cash is at all times.

Use of petty cash

Employees may be reimbursed for the purchase of minor operating supplies and miscellaneous items. Travel advances are not authorized from petty cash, however employees may be reimbursed for such costs such as meals, mileage and parking after travel has occurred. Individual reimbursements may be made through petty cash for purchases or expenses up to **\$250**. Expenses over **\$250** must be reimbursed by an expense voucher and processed through accounts payable. Petty cash in the recycling center is intended only to provide payment to individuals submitting recycling materials for payment. **Petty cash in the checking account is to be used for refunds. Refunds are issued primarily for overpayment of utility accounts and park and recreation uses and fees. Refunds up to \$250 may be made by the custodian of the checking account without prior approval of the Finance Director, provided proper documentation is submitted at the time of the refund request. Requests over \$250 must have prior approval of the finance director.**

Procedures

Original receipts are required for all expenditures and/or requests for reimbursements, except in the case where per diem is paid. Each receipt should show the vendor, date, item(s) purchased and amount. Upon reimbursement, the receipt is to be signed and dated by the employee receiving the cash. Additionally, proper BARS coding is to be included on the receipt. Each purchase must be pre-authorized by the employee's department manager.

Petty cash funds shall be replenished no less than monthly and request for replenishment shall be in a manner approved by the Finance Department, which will detail the amount to be replenished and the accounts to be charged. A warrant will be issued through the accounts payable system made payable to **"City of Chelan Petty Cash Fund", endorsed by either the Finance Director or Assistant Finance Director.** At the time of the request for replenishment, the custodian shall balance the petty cash account, noting receipts and cash on hand. Receipts and cash shall equal the amount of the petty cash account for that department. All original receipts shall be submitted and shall have the initials and date of the custodian imprinted on them in ink to prevent future use.

In addition to monthly replenishment, petty cash shall be reconciled and replenished prior to the end of the fiscal year so that expenditures will be reflected in the proper accounting period.

All petty cash funds are subject to random audit by staff of the Finance Department. Random audits should occur no less than three times per year and may occur more often if deemed appropriate by the Finance Director.

RESOLUTION NO. 2007- 1176

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHELAN, WASHINGTON, AMENDING RESOLUTION NO 2007¹¹⁵⁷ TO AUTHORIZE THE ADDITION OF A PETTY CASH CHECKING ACCOUNT FOR THE ISSUANCE OF REFUNDS

AGENDA B-11
97-0040

WHEREAS, the City Council finds that it is efficient and cost effective to allow small purchases, reimbursements, and refunds to be made through a petty cash system; and

WHEREAS, the state Budgetary, Accounting, and Reporting (BARS) Manual makes provisions for and outlines procedures for such a system, and;

NOW, THEREFORE, the City Council of the City of Chelan do ordain as follows:

Section 1: The following petty cash accounts are hereby established:

Current Expense Fund-	Finance Department – change drawer	\$ 200
	Finance Department – petty cash	\$ 800
	Finance Department – petty cash checking	\$3,000
Water Fund-	Public Works Department-change drawer	\$ 50
Sanitation Fund-	Recycling Center – petty cash	\$ 400
Recreation Fund –	Parks Department year round change drawer	\$ 960
	Seasonal change drawer - maximum (turned back in at end of season)	\$2,900
	Golf Course – change drawer	\$ 800

Section 2: The Finance Director shall amend as needed the policies and procedures for the disbursement, accounting, and replenishment of funds.

RESOLVED this 13 day of September, 2007.

ATTEST:

APPROVED:

Linda Liles, City Clerk

Jay Witherbee, Mayor

2006-1157

RESOLUTION NO. 2009- 1198

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
CHELAN, WASHINGTON, AMENDING RESOLUTION NO
2007-1176 TO AUTHORIZE AN INCREASE TO THE CITY
HALL AND RECYCLING PETTY CASH ACCOUNTS

WHEREAS, the City Council finds that it is efficient and cost effective to allow small purchases, reimbursements, and refunds to be made through a petty cash system; and

WHEREAS, the state Budgetary, Accounting, and Reporting (BARS) Manual makes provisions for and outlines procedures for such a system, and;

WHEREAS, the City of Chelan Finance Department has successfully implemented a petty cash system that has reduced the number of warrants issued and number of vendors established;

WHEREAS, the Finance Department would like to expand the use of petty cash for purchases and reimbursements up to \$250 from the present \$150, which will require additional petty cash funds;

NOW, THEREFORE, the City Council of the City of Chelan do ordain as follows:

Section 1: The following petty cash accounts are hereby increased:

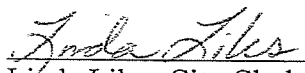
Current Expense Fund- Finance Department – petty cash from \$800 to \$2,000

Sanitation Fund- Recycling Center – petty cash from \$400 to \$600

Section 2: The Finance Director shall amend as needed the policies and procedures for the disbursement, accounting, and replenishment of funds.

RESOLVED this 25 day of June, 2009.

ATTEST:


Linda Liles, City Clerk

APPROVED:


Robert R. Goedde, Mayor

Filed with the City Clerk: June 15, 2009

Passed by City Council: June 25, 2009

Resolution No. 2009- 1198

Rec'd Cash July 9, 2009