

**CITY OF RICHARDSON  
INTERDEPARTMENTAL POLICY AND PROCEDURES**

**PETTY CASH/CHANGE FUNDS**

**POLICY**

Petty cash funds are established to reimburse City employees for small cash expenditures. Petty cash purchases shall not exceed \$100 per occurrence. Change funds are cash reserves used to make change for customers making payments to the City. All petty cash and change funds shall be appropriately secured at all times.

Personal Check cashing, for employees or the public, is not allowed at any City of Richardson location.

**PROCEDURE**

**I. BASIC PROCEDURES**

- Petty cash funds are established for purchasing goods (materials and supplies), up to \$100 per transaction.
- Change funds are cash reserves secured in cash bags, drawers, and/or registers to make change for customers making payments to the City.
- Petty cash and change funds are used for different purposes and are to be treated as completely separate funds. The funds are not to be combined.
- City employees should avoid paying sales tax on supplies and materials purchases. The City's sales and use tax exemption certificate is available on the Purchasing web page on the Intranet.
- Petty cash purchases shall not exceed \$100 per employee, per occurrence. The Director of Finance or Treasurer and Revenue Manager must approve all petty cash requests over \$100. The splitting of petty cash receipts is prohibited.
- Departmental petty cash funds will be replenished by the Accounting petty cash fund.
- Personal funds shall not be commingled with petty cash/change funds.
- Petty cash and change funds shall be kept in a locking metal box or locked drawer. Anytime the box is not under a designated person's custody, it shall be locked and placed in a secured desk, cabinet, or safe.

## **II. RESPONSIBILITY/AUTHORITY**

### **A. Departments**

1. Department heads shall appoint a petty cash/change fund custodian.
  - a) Petty cash custodians shall be responsible for:
    - Handling a petty cash fund;
    - Having on hand at all times cash and signed petty cash vouchers equal to the original balance of the fund;
    - Safekeeping of all monies;
    - Reconciling the petty cash fund weekly;
    - Knowing this policy and operating the petty cash fund in accordance with it.
  - b) Change fund custodians shall be responsible for:
    - Making change as necessary during the day;
    - Counting and verifying the change fund balance at the end of each shift;
    - Knowing this policy and operating the change fund in accordance with it.
2. The dollar amount in the change fund must always equal the authorized amount of the fund.
3. The petty cash custodian shall have the authority and the responsibility to deny any reimbursement request that is not in accordance with this policy.
4. Departments approved for establishment of a petty cash/change fund shall provide a cash box with a key lock for safekeeping of the fund. All petty cash/change funds must be kept in a safe, locked closet, or locked drawer when not in use.

### **B. Finance Department**

1. The Treasurer and Revenue Manager shall approve or deny all requests to establish new petty cash funds and review all instances of non-compliance.
2. The Accounting Division shall establish petty cash general ledger account numbers, request vendor numbers if needed, and maintain files of all correspondence relating to petty cash.
3. The Accounting Division shall review cash requests and reimbursement requests for completeness and process documents for payment through the City's finance system.
4. The Finance Department shall periodically conduct surprise audits of all petty cash and change funds and evaluate whether the funds are being operated in accordance with the policies and procedures established by this policy.
5. The Treasurer and Revenue Manager shall report any instances of non-compliance with the City's policy to appropriate department heads and the Director of Finance.

### **III. ESTABLISHMENT OF PETTY CASH/CHANGE FUND**

- A. Department shall send a request to the Treasurer and Revenue Manager to establish a petty cash and/or change fund.
- B. The following information shall be identified:
  1. Purpose of the fund;
  2. The requested amount;
  3. Provide an estimate of how often the fund will need to be replenished (e.g., weekly or monthly);
  4. The name of the fund custodian;
  5. The name of the alternate custodian (in case of absence by primary custodian);
  6. Where the fund is stored while it is in use;
  7. Where the fund is stored when not in use.

### **IV. PETTY CASH PROCEDURES**

#### **A. Reimbursement**

1. Purchase the merchandise and obtain a sales receipt.
2. Complete the petty cash receipt form providing the following information:
  - Amount of reimbursement;
  - Date of purchase;
  - Description of item(s) purchased;
  - Name of person requesting reimbursement;
  - Account code to be charged;
  - Signature of department head or other authorized person indicating approval.
3. Staple sales receipt to petty cash receipt form and return to petty cash custodian for reimbursement.

#### **B. Advance**

1. The petty cash receipt should be filled out indicating the business purpose and the amount given to the employee. The advance should include the signature of the department head or authorized person indicating approval.
2. After the purchase is made, the employee will return the change and sales receipt to the petty cash custodian. The custodian will mark through the cash advance amount and the amount on the receipt will be marked to show the actual amount of the item.
3. Under no circumstances will an advance be given to an employee unless the proper documentation has been made.

4. When cash advances are requested from the Accounting Division and exceed the \$100 limit, the Director of Finance or Treasurer and Revenue Manager must approve the transaction.

C. Custodian

1. It is the responsibility of the custodian to ensure that all petty cash receipt forms are properly completed and signed. In addition, the custodian must ensure that the maximum limit for petty cash purchases has not been violated before making any reimbursements from the fund.
2. Each petty cash fund shall be reconciled weekly. The latest prepared reconciliation report, documentation, and calculator tape must always be placed in the petty cash box as proof of the reconciliation effort. This tape and past weekly tapes will be inspected during audits.
3. Daily cash receipts or any other funds shall never be commingled with petty cash.
4. Personal checks shall not be cashed with petty cash.
5. Requests for reimbursement must be submitted to Accounting as needed using a request for reimbursement form. Petty cash must be in balance when requesting reimbursement.

*Signed by Dan Johnson on 05/01/2018*

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City Manager

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Date

Original signed 12-01  
(Rev. 2-08, 9-13, 4-18)

*Note: Petty Cash request for reimbursement form available on the City's Intranet at [www.cor.gov](http://www.cor.gov).  
Sales Tax Exemption certificate available on Purchasing web page on Intranet at [www.cor.gov](http://www.cor.gov).*

*Attachment: Example of a memo establishing a petty cash fund*



**MEMO**

To: Assistant Director of Finance  
From: Department Head  
Date: Today  
Re: Establishing a Petty Cash Fund and Custodian

The DEPARTMENT would like to establish a Petty Cash fund in the amount of \$XXX in order to reimburse employees for material and supply purchases. The fund should be replenished on a semi-monthly basis. The fund custodian will be Jane Doe and the alternate custodian is John Smith.

The fund will be stored in Jane Doe's or John Smith's desk during regular working hours. Each employee has a locked drawer in their desk where the fund will be kept when they are away from their desks or at lunch. At night, the fund will be stored in the supply closet, which is always kept locked and can only be opened with a key controlled by Jane Doe.

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Signature-Department Head

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Signature-Jane Doe (Custodian)

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Signature-John Smith (Alternate Custodian)