408: Petty Cash Procedures

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Section: Accounting
Subject: Petty Cash Procedures
Approved by: Eddie Faircloth
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Policy Owner:

Policy

Petty cash is furnished to the service centers to provide a means of purchasing those unforeseen but necessary items that can come up during normal business operations.

The General Manager is responsible for the petty cash and must approve each petty cash reimbursement (envelope). The Office Manager is responsible for keeping the petty cash. Petty Cash must be kept locked up at all times. In the event the petty cash is missing or stolen; you must report it immediately to Corporate.

Petty cash is not to be used as a means of paying those regular services and items that would be better served by paying through accounts payable.

Avoid paying for meals and other travel expenses from petty cash. All employees should be encouraged to use regular expense account procedures for these expenses.

1. Pay only individual items costing $15.00 or less (such as hardware) from Petty Cash.
2. Prepare a petty cash voucher for each disbursement and indicate the appropriate general ledger account to be charged and an explanation of the expenditure. THE PETTY CASH CUSTODIAN AND THE PERSON RECEIVING THE MONEY MUST SIGN EACH PETTY CASH VOUCHER.
3. Any expenditure that is a VEHICLE EXPENSE must include the VEHICLE NUMBER and MILEAGE on the petty cash envelope and the petty cash receipt to be paid.

- **NOTE: If the receipt is not clear as to what is being bought, a handwritten explanation must be included.**

4. Group all petty cash vouchers together according to expense account number. Be specific; avoid use of the "**miscellaneous**" expense account number.
   In those extreme cases where meals or travel expense must be paid from petty cash, they must be submitted with an expense report properly filled out as to LOCATION, DATE and BUSINESS PURPOSE. Failure to do this will result in the return of your petty cash for correction.
   - No meals in excess of $10.00 per occurrence are to be paid out of Petty Cash. (Any meals exceeding this amount use regular expense account channels.)
   - If "training meal", a copy of the meeting's Verifiable Instruction may be substituted for the expense report (observe criteria under 5a).
5. Make an adding machine tape of the vouchers in each expense group and attach the tape to the vouchers.
6. Indicate the total amount of each expense account group on the front of the Petty Cash envelope. Verify subtotals with each reimbursement requested.
7. Verify the actual Petty Cash on hand with the amount due. (Cash on hand and outstanding receipts plus amount due equal total Petty Cash fund.)
8. Submit a Petty Cash report (envelope) at least once each month.
9. Petty cash reimbursements will not be made without legible store receipts.
10. Petty Cash reimbursement will not be made unless store receipts attached Petty Cash vouchers and petty cash envelopes are received by Corporate Accounts Payable and approved.
11. When submitting petty cash for reimbursement, retain a copy of the petty cash envelope at the service center until reimbursement is received.

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