

SAN BERNARDINO MUNICIPAL WATER DEPARTMENT

POLICIES & PROCEDURES MANUAL

POLICY 51.010 - PETTY CASH PROCEDURES

Date: July 2021
Revision No.: 8
Supersedes: August 14, 2018
First Adopted: July 28, 1989

PETTY CASH FUND POLICY:

It is the policy of the Department to maintain and control a petty cash purchasing system to facilitate the efficient procurement of low-cost supplies, materials or services that are not available from the storeroom and for which the established purchase order requisition process is not practical.

Division/Section:	Petty Cash Amount:
Water Utility Staff	\$500.00
Water Reclamation Staff	\$200.00
Sewer Collection Staff	\$200.00
Environmental & Regulatory Compliance Staff	\$200.00

PROCEDURES:

Each site described in this policy is to maintain a locked cash box under the control of an appointed employee who will act as the Petty Cash Custodian. The Director of Finance and the Division Head will appoint the Petty Cash Custodian, and an alternate custodian, at each site.

RESPONSIBILITY:

Employee: Purchases needed item(s) with supervisor's approval, pays cash, and obtains receipt or invoice from supplier.

Petty Cash Custodian shall:

- A. Prepare a Receipt for Advance or Expenditure form for each expenditure or advance and obtain signature of employee receiving petty cash disbursement.

- B. Attach a vendor's receipt(s) or cash register tape to the original copy of the Receipt for Expenditures form.
- C. Place original copy of the Receipt for Expenditure form along with supporting receipt(s) in the Petty Cash fund.
- D. Maintain a written log of all petty cash transactions.
- E. Require a signed Petty Cash Advance or Expenditure Receipt for all Petty Cash Funds requested in advance. A maximum of \$75.00 is set for each Petty Cash Advance.
- F. If Petty Cash funds are provided in advance, denote this on the Petty Cash Advance or Expenditure Receipt.
- G. Receipts for any Petty Cash Advances must be submitted by employees within seven (7) days of receipt of the advance.
- H. Ensure that the total of the Receipt for Expenditure forms plus cash on hand always equals the total amount authorized in the Petty Cash Fund.
- I. Initiate reimbursement of the Petty Cash Fund, from time to time, when the cash balance of the funds reaches \$50.00 or less.
- J. Send Request for Payment, supported by Receipt for Expenditure forms and vendor receipts to Finance for approval as needed.
- K. Ensure that funds are secured at all times in a locked place.
- L. Each custodian will maintain copies of the petty cash log until the audit for each fiscal year is completed.

Finance shall:

- A. Review for proper expenditure, and approve claim for reimbursement of Petty Cash Fund, payable to the custodian.
- B. At any time, the Director of Finance or designee may visit each petty cash site and perform a petty cash count and reconciliation.

General Rules:

1. Each single Petty Cash transaction is limited to \$75.00. Items costing more than \$75.00 are to be processed through normal purchasing procedures.
2. Supervisors must approve petty cash purchases and initial the Petty Cash Voucher to signify approval.

3. Each Petty Cash Voucher must be accompanied by a receipt to support the purchase. When a receipt is not submitted with the Petty Cash Voucher, the employee must provide an explanation for not having a receipt, complete a missing receipt form and have the Division Head approve the voucher.
4. When funds are required in advance of purchase, the employee must sign a Petty Cash Advance receipt for up to a maximum of \$75.00 to purchase an item or items. Prior to advancing the funds, the Petty Cash Advance Receipt shall be approved by the employee's supervisor and shall include a reason for the advance. Upon return, the employee must submit a completed Petty Cash Voucher with attached receipts and include any and all cash remaining from the Petty Cash Advance.
5. Items prohibited from purchase through the Petty Cash Funds:
 - Items carried in the Department's storeroom
 - Payment of personal services
 - Cash advances to employees for purposes other than purchasing petty cash items
 - Cashing any type of check (including employee's personal or payroll check)

SPECIAL PURCHASING FUND:

The Purchasing Supervisor will have responsibility for and control of a \$1,700.00 Special Purchasing Fund for purchases less than \$150.00. This Special Cash Fund is to be utilized only to expedite the purchase of needed small equipment, hardware, tools or other such items, where the Purchase Order Requisition process is not practical, or the business is unable to accept or maintain an open Purchase Order.

RESPONSIBILITY AND PROCEDURES-SPECIAL PURCHASING FUND:

- A. Maintain a locked cash box under the control of the Purchasing Supervisor or the Buyer. Only the two above personnel have authorization to use this special fund.
- B. Maintain a written log of all Special Purchasing Fund transactions.
- C. Attach receipts or invoices to a Special Purchasing Fund Voucher and keep the vouchers in the lock box. Include justification for the purchase.

- D. Reimburse the Special Purchasing Fund, from time to time, when the cash balance reaches \$300.00 or less.
- E. Secure the Special Purchasing Fund box at the end of each workday. This cash box should be locked into a safe, vault or locking file cabinet. The key to the cash box should be kept locked in a secure location. A duplicate key for the cash box will be kept by the Director of Finance.
- F. Reconcile, at the month's end, the Special Purchasing Fund and submit to the Director of Finance, the monthly log, showing the amount of cash on hand and the amount of vouchers paid. The total of these two amounts should equal the authorized balance of the Special Purchasing Fund.

General Rules:

1. Each Special Purchasing Fund transaction is limited to \$150.00. Items costing more than \$150.00 are to go through normal purchasing procedures.
2. When a purchase requisition is submitted, the Purchasing Supervisor will make the determination of whether the items shall be purchased through the normal purchasing procedures or through the Special Purchasing Fund following the criteria of whether the Purchase Order Requisition process is impractical, or the business is unable to accept or maintain an open Purchase Order.
3. Each Special Purchasing Fund Voucher must be accompanied by a receipt to support the purchase. It is the responsibility of the Purchasing Supervisor to ensure that a receipt is submitted. When a receipt is not submitted with the Special Purchasing Fund Voucher, the Purchasing Supervisor must provide an explanation for not having a receipt, submit a Missing Receipt Form, and have the Director of Finance approve the voucher.
4. When using Special Purchasing funds, the Purchasing Supervisor must sign a Special Purchasing Fund Advance receipt and record the advance in the fund ledger. Advances can be made up to a maximum of \$150.00 to purchase an item or items. Upon return, the Purchasing Supervisor must submit a completed Special Purchasing Fund Voucher with attached receipts and include any and all cash remaining from the cash advance.
5. In the event of a declared emergency, the Director of Finance shall be authorized to use and issue Special Purchasing funds in accordance with the procedures set forth by this policy.

6. Items prohibited from purchase through the Special Purchasing Fund:
- Items carried in the Department's storeroom
 - Payment of personal services
 - Cash advances to employees for purposes other than purchasing petty cash items
 - Cashing any type of check (including employee's personal or payroll check)

GENERAL MANAGER OVERRIDE PROVISION:

The current disbursement limits referred to herein of \$150 from the Special Purchasing Fund and \$75 from the Water, Water Reclamation and Sewer Collection funds may be overridden by written approval of the General Manager or Deputy General Manager up to a maximum of \$200 to fund bonafide emergency cash purchases for which no other payment means is available.

Policy Review

Established:	<u>7/28/1989</u>
Revision:	<u>2/1/1994</u>
Revision Board Approved:	<u>4/7/1998</u>
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