

# LOCAL GOVERNMENT ABC

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## Accounting Policies and Procedures Manual

Policy #: PC-1

Last Revised: October 19, 2016

Policy Name: Petty Cash

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### 1.0 Policy:

Local Government ABC requires all departments to follow the below procedures establishing, overseeing, and closing out petty cash accounts.

Use of petty cash accounts is encouraged for purchasing of low-cost items from local vendors.

Petty cash accounts will not exceed \$1,000.

### 2.0 Procedures:

The following procedures are designed to guide departments in establishing, overseeing, and closing out petty cash accounts.

#### 2.1 Establishing a Petty Cash Account [no need to indent these]

- 2.1.1 Departments must complete the *Petty Cash Authorization* form and submit it to the Cash Management manager.
- 2.1.2 Once approved, department managers will be responsible for acquiring a lockable cash box. Contact the business services office for the box.
- 2.1.3 Funds and a transaction log will be provided once the lockable cash box has been obtained.
- 2.1.4 Each department will designate one employee to be responsible for the petty cash account.

## **2.2 Overseeing the Petty Cash Account**

- 2.2.1 All withdrawals and deposits from/to the petty cash account will be recorded in the transaction log. This will be performed by the employee responsible for the petty cash account.
- 2.2.2 Petty cash accounts will be balanced at the department level on a monthly basis. This will be performed by the department manager.
- 2.2.3 Requests to replenish the petty cash account can be made at the end of each month. These requests will be sent to the Cash Management department.
- 2.2.4 All shortages and overages will be reported to the Cash Management department immediately.

## **2.3 Closing out the Petty Cash Account**

- 2.3.1 A department's petty cash account should be closed out if there is no longer a need for such an account.
- 2.3.2 When closing the account, a final reconciliation will be performed by the employee responsible for the account. The department manager will review this reconciliation. The review will be acknowledged with the manager's signature.
- 2.3.2 The reviewed reconciliation and any remaining petty cash funds will be returned to the Cash Management department.

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