

Petty Cash

Policy Statement

This policy establishes the proper uses and administration of petty cash funds. Petty cash funds provide cash to cover minor expenses, generally not to exceed \$20.

Reason for Policy

Petty cash funds provide a convenient way to pay for small expenses, but keeping cash in any office entails risk of misuse or theft. This policy provides procedures designed to mitigate these risks.

Procedures

1. **Understand appropriate uses of petty cash.** Petty cash funds should not be used as an operating fund, i.e., to pay invoices for goods or services, to pay salaries or wages, or to make advances or loans
2. **Designate a petty cash fund Custodian.** The Town Marshall, Utility Clerk, and Town Manager are each custodian for their respective petty cash fund.
3. **Safeguard the cash.**
 - A. Keep petty cash funds in a secure area such as a locked drawer or small safe.
 - B. In the event of theft, the Custodian should notify the Clerk-Treasurer.
 - C. Petty cash funds should be active. Inactive funds should be terminated and the funds returned to the Clerk Treasurer for deposit back into the bank account from which they were originally taken. Funds are considered inactive if they have no activity during a six-month period.
4. **Document expenditures.**
 - A. **The Custodian is responsible for maintaining:**
 - a. A Petty Cash Log (list of funds coming in and going out)
 - b. Receipts for each transaction.
 - B. Logs and receipts will be subject to review by the Clerk-Treasurer.

5. Replenish the funds.

- A. The petty cash custodian is responsible to request replenishment from the Clerk-Treasurer when a petty cash fund runs low.
- B. When petty cash funds are replenished the total of the receipt report cannot exceed the total dollar value of the fund.

6. Reconcile the log to the amount in the cash box at least quarterly.

- 7. Evaluate need for petty cash account annually.** At least once per year, custodians must re-examine whether the petty cash account is still required to meet their needs, or if alternative disbursement methods could suffice.