

**Finance Department Policy
Fauquier County, Virginia**

**Policy Title: Petty Cash Accounts
Section No.: Finance Department –FD-1**

Effective Date: 4/14/2014

I. Purpose

The purpose of this policy is to set forth guidelines and procedures for the use and control of Fauquier County Government and Public Schools’ petty cash accounts. This policy provides specific guidance to be followed by Users, Custodians, and Authorized Representatives of petty cash funds, petty cash checking accounts, and cash drawers or registers, as well as internal controls for the protection and safeguarding of petty cash accounts.

II. Scope

This policy shall apply to all petty cash funds, petty cash checking accounts, and cash drawers or registers of the County and Schools, and shall address the proper procedures for setup, maintenance, use, and record-keeping. Attachment A provides a listing of approved petty cash funds, petty cash checking accounts, and cash drawers or registers. The County’s central petty cash funds are located in the Finance Department, Accounting Division and the Treasurer’s Office. The primary central location of the Schools’ petty cash fund is located in the Finance Department, Accounting Division.

III. General Provisions

Authorized petty cash funds, petty cash checking accounts, and cash drawers or registers are part of the County and Schools assets and must be accounted for accurately. Adherence to the provisions set forth herein is mandatory to maintain strong internal controls.

Petty cash shall not be used to bypass the requisition and purchase order system and/or the travel and training guidelines established for employee reimbursement.

Claims for petty cash reimbursements must be submitted within 90 days of any expenditure and must be supported by original valid receipts.

Petty cash funds, petty cash checking accounts, and cash drawers or registers shall never be left unattended. If an employee leaves his or her work station for any reason, regardless of how briefly, funds must be appropriately secured in a locked place.

County or School petty cash funds shall never be kept with personal funds, deposited in a personal bank account, nor be taken to one's home for safekeeping.

Petty cash funds, petty cash checking accounts, and cash drawers or registers are established and the amounts are determined as delegated to the County Administrator by the Board of Supervisors and School Board. These funds are audited and monitored by the Treasurer's office and the Finance Department, Accounting Division. The Treasurer's Office and the Finance Department, Accounting Division are responsible for ensuring the petty cash accounts are maintained in compliance with this policy.

Generally, sales to the County are exempt from sales tax. In the case of petty cash purchases, a valid original government exemption certificate (Virginia Department of Taxation Form ST-12, Commonwealth of Virginia Sales and Use Tax Certificate of Exemption) is required to be provided to the vendor at the time of purchase to receive the sales tax exemption. The certificate of exemption is available from the Finance Department, Accounts Payable Division.

IV. Definitions of Terms and Forms

Authorized Approved Signatory – The designated individual granted the authority by the Department Head or Constitutional Officer to approve disbursements and/or replenishments.

Authorized Representative/Cashier – The individual assigned with backup responsibility for administering petty cash funds, petty cash checking accounts, and cash drawers or registers as well as implementing the procedures outlined in this policy in the absence of the Custodian.

Cash Drawer or Register – An authorized sum of money maintained at department level for the purpose of providing change to customers upon payment for purchases and/or fees.

Custodian – The primary individual assigned responsibility for administering funds for authorized petty cash funds, petty cash checking accounts, cash drawers or registers as well as ensuring that the procedures set forth in this policy are followed on a daily basis. The Custodian is accountable for all monies and records pertaining to the funds.

Petty Cash Checking Account – An authorized sum of money maintained at department level for the purpose of issuing checks for legal or public safety services or fees requiring immediate payment.

Petty Cash Custodian & Authorized Representative(s) Form – The form used by the Department Head/Constitutional Officer to designate the individual(s)

responsible for properly maintaining the monies and records of the department's petty cash fund.

Petty Cash Fund – An authorized sum of money maintained at department level for the purpose of making small local purchases of goods and services.

Petty Cash Log – The accountability document, which details each disbursement and replenishment within the petty cash fund or petty cash checking account, and which is used to reconcile the actual cash balance in the fund. The Log also serves as supporting documentation for the activity in the fund or account.

Petty Cash Receipt of Funds and Certification of Responsibility Form – The accountability document which identifies the Custodian of the petty cash fund, petty cash checking account, and cash drawers or registers, and assigns responsibility for maintenance of the monies and records.

Petty Cash Reimbursement Request – The form used to request a partial or full replenishment of an established petty cash fund or petty cash checking account.

Petty Cash Voucher/Advance Form – The form completed by the individual requesting disbursement or advancement of petty cash.

V. Procedures

A. Assignment of Responsibility

The Department Head/Constitutional Officer or Authorized Approved Signatory of approved petty cash funds, petty cash checking accounts, and cash drawers or registers appoints the Custodian and Authorized Representative(s).

1. Each petty cash account shall have only one Custodian, and at least one Authorized Representative. In the absence of the Custodian, an Authorized Representative maintains the fund in accordance with this policy. If the appointment of an Authorized Representative presents unforeseen difficulty to the operations of a department, the Department Head/Constitutional Officer may request a waiver of the requirement to appoint an Authorized Representative to the Treasurer, who will grant or deny the waiver request.
2. Petty cash shall not be intermingled with other County, School, or personal funds.
3. Petty cash shall not be issued and disbursed by the same individual.

4. Petty cash shall not be exchanged for a check, money order, or any other promise to pay.

B. Audits

Petty cash funds, petty cash checking accounts, and cash drawers or registers are subject to unannounced periodic audits by both internal and external auditors to ensure the funds are maintained in compliance with this policy. The cash and receipts must at all times be equal to the established value of the petty cash fund, petty cash checking account, cash drawer or register. The audit must always be done in accordance with the two-person rule, observed as follows:

1. Audit of the fund – a designated individual **must** perform the audit in the presence of the Custodian or Authorized Representative. In the absence of the Custodian or Authorized Representative, a witness must be present during the counting of the funds. The Custodian/Authorized Representative viewing the audit will sign off on the count sheet acknowledging that he/she agrees with the findings.
2. Should there be a discrepancy with the cash drawer the funds will be verified by the second person assigned to the audit.
3. Upon completion of the audit the Custodian or Authorized Representative will take possession of the cash drawer and secure the funds.

C. Custodians and Authorized Representatives

Custodians and Authorized Representatives shall be designated by the Department Head/Constitutional Officer or Authorized Approved Signatory by completion and signature of the Petty Cash Custodian and Authorized Representative form. This form shall be updated and signed at least annually, or immediately at the time of any change.

The Custodian is responsible for the contents and security of the petty cash accounts and must sign all petty cash vouchers.

1. Upon appointment of the Custodian, a Petty Cash Receipt of Funds and Certification of Responsibility form must be completed and returned to the Finance Department, Accounting Manager. The Petty Cash Receipt of Funds and Certification of Responsibility form is included on page 10.
2. Petty Cash Receipt of Funds and Certification of Responsibility forms will be updated and signed by the Custodian at least annually.

3. A change of Custodian requires a new Petty Cash Receipt of Funds and Certification of Responsibility form to be completed and submitted to the Finance Department, Accounting Manager. A cash audit by the Finance Department, Accounting Division is required prior to transfer of authority to the new Custodian.
4. The new fund Custodian must perform reconciliation at the time of the transfer and in the presence of the current fund Custodian, Department Head/Constitutional Officer or authorized designee.

D. Disbursements

Petty cash is to be used for reimbursement of or advancement for approved nominal out of pocket expenditures. This is limited to those expenditures which have been paid for by the employee in the course of conducting County business where time and convenience do not allow for the normal purchasing process. The balance of a petty cash fund or petty cash checking account is to be logged after each disbursement. The Petty Cash Log is included on page 12.

1. A Petty Cash Voucher/Advance Form must be completed to support all disbursements of cash from the petty cash fund or petty cash checking account. Prion to disbursing funds, the vouchers must be completed in their entirety, including signatures of the Department Head/Constitutional Officer or Authorized Approved Signatory, the employee receiving the money, and the Custodian and/or Authorized Representative. The Petty Cash Voucher/Advance Form is included on page 13.
2. Employees requesting reimbursements from petty cash must provide adequate supporting documentation. This includes original valid receipts and other documentation, as necessary, to clearly support the occurrence and business purpose of their expenditure(s). Custodians will disburse petty cash only after receipt of adequate documentation with proper signatures as described by the travel policy and guidelines (Attachment B).
3. Cash advances for small purchases are documented on a Petty Cash Voucher/Advance form. When the invoice and unused cash is returned sections A-E will be completed. Petty cash advances should be avoided to minimize duplication and potential errors.
4. The employee limit for any single withdrawal from petty cash is \$150 per day. Requests in excess of \$150 will be paid by an Accounts Payable check. Special exceptions over the \$150 limit will be reviewed by the Treasurer or the Finance Director.

5. Disbursements shall not be used for:
 - a. Reimbursements in excess of \$150;
 - b. Payments to employees for personal services;
 - c. Cash advances to employees other than petty cash purchases; (exceptions made only with Finance Director approval)
 - d. Cashing of personal, third party, or payroll checks;
 - e. Subscriptions, donations, memberships, registrations, tuitions, or contracted services;
 - f. Purchase of goods or services explicitly or implicitly prohibited by the County or Schools, or in violation of a grant agreement;
 - g. Fund 302 Capital Projects;
 - h. Recurring expenditures.
6. When using petty cash funds a Sales and Use Tax Certificate of Exemption should be given to vendors to preclude the County and School from paying Sales Tax on purchases. Exemption forms are obtained from the Finance Department, Accounts Payable Division.

E. Fund Replenishment

All petty cash fund replenishments will be coordinated through the Department of Finance, Accounts Payable Division. The Custodian will submit a Petty Cash Reimbursement Request to replenish the petty cash fund or petty cash checking account with enough lead-time to prevent the remaining petty cash amount from being depleted before the issuance of the reimbursement check.

1. A Petty Cash Reimbursement Request Form will be completed and accompanied by all receipts and vouchers. The Reimbursement Request Form is authorized by the Custodian or Authorized Representative and the Department Head/Constitutional Officer or Authorized Approved Signatory. Requests to replenish petty cash will not be processed by the Finance Department, Accounts Payable Division until all required parties have signed the form. The Finance Department, Accounts Payable Division will return requests for reimbursements if documentation is not complete or the requested amount exceeds the account's established amount. A copy of the Petty Cash Reimbursement Request form is included on page 14.

2. All petty cash reimbursements are made payable to Petty Cash-Custodian (Department/Office of Fauquier County).
3. If a petty cash account is short, a petty cash voucher/advance form shall be completed and submitted with the required documentation.
4. The balance of a petty cash fund or petty cash checking account is to be logged after each replenishment.

F. Cash Drawers and Cash Registers

Departments are required to make deposits with the Treasurer's office at least twice a week or at the end of any normal County business day during which a \$300 threshold has been reached, whichever occurs earlier. Sites which rely on courier services to transport deposits shall submit deposits no later than the first scheduled courier pick-up from the date that cash is received, regardless of the amount. Under no circumstances are departments permitted to hold funds.

1. All monies collected by each department are to be submitted to the Treasurer's office via a cash transmittal.
2. Cash transmittals must include the collection period for the money it received.
3. Cash transmittals must include receipt numbers, which coincide with the cash and checks being deposited.
4. Cash transmittals must be signed and dated by a Department Head/Constitutional Officer or Authorized Signer.

G. Security of Petty Cash

The safeguarding of currency, checks, and vouchers is the primary responsibility of the Custodian. All money must remain locked at all times.

1. Actual currency or checks that represent the petty cash fund, checking account, and cash drawer or register will be kept in a locked cash box or cash register during business hours. After hours, the cash box or drawer will be removed and locked in a department safe or other location such as a lockable file cabinet. The key or combination to the petty cash will be kept or known only by the Custodian, Authorized Representative(s), and Department Head or Constitutional Officer.
2. When the responsibility shifts between the Custodian and Authorized Representative a cash count must be completed.

3. Verification of Funds is accomplished by a cash and receipt count made by the Custodian on a routine basis. Custodians and/or Authorized Representatives should validate cash drawers at least monthly and provide confirmation to the Director by initialing the Petty Cash Log which may be verified by the Director. Counts of funds and checking accounts shall be made after replenishment checks are cashed. The Petty Cash Log is included on page 12.

H. Handling of Fund Shortages and Overages

Any shortage identified in petty cash will be immediately brought to the attention of the Department Head/Constitutional Officer where the petty cash is maintained. The Department Head/Constitutional Officer will determine if the shortage exists and whether the shortage appears to have resulted from routine transactions or theft.

Shortages from Routine Transactions

If the shortage results from routine transactions, the Department Head/Constitutional Officer must immediately notify the Treasurer and the Finance Director. The Treasurer and the Finance Director will work together to provide a staff evaluation of the situation and recommend corrective action which may include a change of Custodian or Authorized Representative. Shortages from routine transactions will be replenished from miscellaneous revenue.

Shortages from Theft

If a shortage results from theft, the Department Head/Constitutional Officer will notify the Sheriff's Office and the Treasurer immediately¹. Upon notification, the Treasurer will advise the Finance Director that an audit is needed. During the ensuing investigation and internal review, a new temporary Custodian and/or Authorized Representative will be appointed. Once the investigation has been completed, a determination will be made regarding the necessary steps to replenish the petty cash to its established level from miscellaneous revenue or through employee repayment and may result in disciplinary action. If the investigation reveals the cause of the shortage to be theft by the Custodian and/or Authorized Representative, a new permanent Custodian and/or Authorized Representative will be appointed immediately.

Repeated shortages for any reason may result in an audit of the petty cash by the Finance Department, Accounting Division.

Overages

Any overages will be forwarded to the Treasurer's Office with a cash transmittal form and recorded as miscellaneous revenue. Repeated overages

¹ (See Code of Virginia §30-138)

will be reported by the Department Head/Constitutional Officer or authorized designee to the Treasurer for determination of cause and may result in an audit of the petty cash by the Treasurer's Office and/or the Finance Department, Accounting Division.

I. Establishment of or Changes to a Petty Cash Account

Requests to establish a petty cash account, or for increases or decreases to an existing petty cash account are submitted to the Finance Director. The Finance Director will review the request and submit the recommendation to the County Administrator, which is delegated by the Board of Supervisors and School Board to approve or disapprove the request. If approved, the Finance Director will notify the Treasurer of the change and take the necessary action to establish a petty cash account or adjust existing petty cash to the revised amount. All petty cash accounts must be returned to the Finance Department, Accounting Division if not used for 30 days. The Department may request the funds be reinstated by the Finance Director within one year without requiring additional approval.

K. Abolishing a Petty Cash Account

A petty cash fund may be abolished at the request of the Department Head/Constitutional Officer. The following steps are required to abolish a petty cash fund.

1. Reconcile the petty cash fund. "Total on Hand" must agree with the County general ledger total. If there is a variance (overage or shortage), provide an explanation for the variance.
2. Deliver the petty cash fund to the Finance Department, Accounting Division for depositing the funds. The Finance Department, Accounting Division will verify the amount of cash returned by performing a cash count and reconciliation to the amount of the fund.
3. The Finance Department, Accounting Division will issue a receipt to the individual returning the cash and deposit the funds accordingly. The cash receipt must be kept on file in order to reestablish a petty cash fund.
4. The Finance Department, Accounting Division will notify the Treasurer once a petty cash fund has been abolished.
5. Upon abolishing a petty cash account, the Department can request from the Finance Director the return of the funds within one year without requiring approval.

**Fauquier County Government & Public Schools
Petty Cash Receipt of Funds
&
Certification of Responsibility**

Name of Department: _____

Custodian: _____

Total Authorized Amount of Petty Cash Fund: \$ _____

Statement of Responsibility

I accept responsibility for the petty cash funds issued to me as Custodian. I have read the Fauquier County Government & Public Schools Petty Cash Policy and agree to administer these funds in accordance with the Policy. Should there be any shortage or disappearance of these funds, I understand that I must contact the Department Head/Constitutional Officer immediately. I further understand that failure to comply with the Policy could result in disciplinary action, up to and including termination of employment.

Signature of Custodian

Date

Signature of Department Head/Constitutional Officer

Date

Signature of Finance Department

Date

(Please return original to the Accounting Manager, Finance Department)

**Fauquier County Government & Public Schools
Petty Cash Custodian & Authorized Representative(s)**

Name of Department: _____

Name of Department Head/Constitutional Officer: _____

Total Authorized Amount of Petty Cash Fund: \$ _____

Statement of Designation:

I hereby designate the individual(s) named below as the Custodian and Authorized Representative(s) of the petty cash account for the Department named above. I understand the responsibilities granted to the individuals named below by making this designation.

Name of Custodian

Name of Authorized Representative

(Please return original to the Accounting Manager, Finance Department)

**Fauquier County Government & Public Schools
Petty Cash Voucher/Advance Form**

Claim No. _____

Department: _____ Date: _____

Employee Name: _____

Amount Disbursed from Petty Cash Fund \$ _____

General Ledger Account Number to Charge: _____

Purpose: _____

If a Cash Advance:	a)	Amount Spent (submit receipts)	\$ _____
	b)	Amount Cash Returned	\$ _____
	c)	Total (a+b)	\$ _____
	d)	Amount Due County	\$ _____
	e)	Amount Due Employee	\$ _____

Dept Director: _____
Department Head/Constitutional Officer Signature
Authorized Approved Signatory

_____ Date

Received By: _____
Employee Signature

_____ Date

Custodian: _____
Custodian Signature / Authorized Representative

_____ Date

**Fauquier County Government & Public Schools
Petty Cash Reimbursement Request**

Vendor Number: _____ Cash _____ Checking _____

Department Name/Payable to: _____

Book Balance		\$ _____	*
Disbursements with Receipts		\$ _____	
Disbursements without Receipts		\$ _____	
Petty Cash Established Balance		\$ _____	**

**Should always equal the established funded amount

Cash Balance		\$ _____	*
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***Should always equal**

Please allocate reimbursement as follows:

Cost Code # _____		\$ _____	
Cost Code # _____		\$ _____	
Cost Code # _____		\$ _____	
Cost Code # _____		\$ _____	
Cost Code # _____		\$ _____	
Total Expenditures		\$ _____	

I certify these expenditures were incurred by the Department on official business of Fauquier County Government & Public Schools.

Custodian: _____ Date: _____

Dept Head/Constitutional Officer: _____ Date: _____
Authorized Approved Signatory

PLEASE ATTACH NECESSARY RECEIPTS